

FORM APPROVED COUNTY COUNSEL
 BY: *[Signature]* DATE: 12/2/15
 GREGORY P. PRIAMOS

**SUBMITTAL TO THE BOARD OF SUPERVISORS
 COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

168



FROM: Economic Development Agency

SUBMITTAL DATE:
 December 3, 2015

SUBJECT: Consent to Assignment of Lease and Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate between Quinn Aire, LLC, and Hangar 51, LLC, French Valley Airport; Project is CEQA Exempt; District 3, [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the project is exempt from California Environmental Quality Act (CEQA) pursuant to State CEQA Guidelines Section 15301, and Section 15061 (b)(3);
2. Approve the attached Consent to the Assignment of Lease relating to the assignment between Quinn Aire, LLC, as Assignor to Hangar 51, LLC, as Assignee, in connection with the Lease between the County (as lessor) and Quinn Aire (as lessee) dated, June 4, 2002, relating to the three acre improved property located at the French Valley Airport (Leased Premises);

(Continued)

[Signature]

Robert Field
 Assistant County Executive Officer/EDA

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	\$ 0	\$ 0	\$ 0	\$ 0	Consent <input type="checkbox"/> Policy <input checked="" type="checkbox"/>
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0	
SOURCE OF FUNDS: N/A				Budget Adjustment: No	
				For Fiscal Year: 2015/16	

C.E.O. RECOMMENDATION:

APPROVE

BY: *[Signature]*
 Rohini Dasika

County Executive Office Signature

MINUTES OF THE BOARD OF SUPERVISORS

A- 30
 4/3
 Positions Added
 Change Order
 Vot

Prev. Agn. Ref.: 3.25 of 3/15/11; 3.21 of 12/16/08; 3.19 of 7/25/06; 3.7 of 12/13/05; 3.14 of 10/21/03; 3.20; 3.21 of 6/4/02

District: 4

Agenda Number:

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Economic Development Agency

FORM 11: Consent to Assignment of Lease and Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate between Quinn Aire, LLC, and Hangar 51, LLC, French Valley Airport; Project is CEQA Exempt; District 3, [\$0]

DATE: December 3, 2015

PAGE: 2 of 3

RECOMMENDED MOTION: (Continued)

3. Approve the attached Consent to Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate entered into between Quinn Aire, LLC and Kenneth and Gayle Engleman, members of Hangar 51, LLC, relating to the sale of the improvements located on the Leased Premises
4. Authorize the Chairman of the Board of Supervisors to execute the attached Consent to Assignment of lease and Consent to Standard Offer, Agreement and Escrow Instructions; and
5. Authorize the Assistant County Executive Officer/EDA, or designee, to execute any additional documents necessary to implement the Consent to Assignment of Lease and the Consent to Standard Offer, Agreement and Escrow Instructions, subject to approval by County Counsel.

BACKGROUND:

Summary

The County of Riverside Economic Development Agency/Aviation Division(EDA) received a request from Quinn Aire, LLC, a California limited liability company (Quinn) to consent to an assignment of Quinn's interest as lessee in that certain Lease dated May 14, 2002, and approved by the Board of Supervisors on June 4, 2002, as amended by that certain First Amendment to Lease dated October 21, 2003, that certain Second Amendment to Lease dated December 13, 2005, that certain Third Amendment to Lease dated July 25, 2006 and that certain Fourth Amendment to Lease dated December 16, 2008 (collectively, Lease). The Lease relates to the approximately 1.5 acres of land, including improvements, located at the French Valley Airport (Leased Premises). A copy of the Lease(including all amendments) is attached. A memorandum of the Lease was recorded in the Official Records of Riverside County on May 3, 2004, as Document No. 2004-0324499. Mach I Air Charter, the original lessee under the Lease, changed its name to Ovation Air Group, Inc., on or about May 14, 2002. Ovation Air Group, Inc. assigned its interest to Quinn on or about January 23, 2007. Quinn assigned its interest to Larry Hansen and Joseph Diorio on August 6, 2007. Larry Hansen and Joseph Diorio assigned their interest to French Valley Holdings, LLC, on August 6, 2007. French Valley Holdings, LLC, assigned its interest to Quinn on or about January 15, 2011. Quinn, the current lessee, now desires to assign and sell its interest under the Lease to Hangar 51 LLC, a California limited Liability Company (Hangar 51). Quinn cannot assign its interest as Lessor to Hangar 51, without the County's prior consent. A copy of the Assignment of Lease and the proposed County Consent to Assignment of Lease are attached.

In connection with the assignment of Quinn's interest in the Lease, Quinn and Kenneth and Gayle Engleman, members of Hangar 51 executed a Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate (Purchase Agreement) dated August 27, 2015 relating to the sale of the improvements located on the Leased Premises. The Purchase Agreement is subject to the consent and approval of the Board of Supervisors. Copies of the Purchase Agreement and proposed Consent to Standard Offer, Agreement and Escrow Instructions for Purchase of Property are attached. Hangar 51 will not change the existing use of the Leased Premises. The Purchase Agreement will not impact the terms of the Lease.

Pursuant to the California Environmental Quality Act (CEQA), the Assignment of Lease and Purchase Agreement were reviewed and determined to be categorically exempt from CEQA under State CEQA Guideline Section 15301, Class 1 – Existing Facilities and State CEQA Guideline Section 15061(b) (3), General Rule or "Common Sense" Exemption.

(Continued)

SUBMITTAL TO THE BOARD OF SUPERVISORS, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

Economic Development Agency

FORM 11: Consent to Assignment of Lease and Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate between Quinn Aire, LLC, and Hangar 51, LLC, French Valley Airport; Project is CEQA Exempt; District 3, [\$0]

DATE: December 3, 2015

PAGE: 3 of 3

BACKGROUND:

Summary (Continued)

The proposed project, the Assignment of Lease and Purchase Agreement, relate to the assignment of lessee rights under an existing lease relating to the letting of property involving existing facilities and the sale of an existing facility, and no expansion of an existing use will occur. In addition, it can be seen with certainty that there is no possibility that the assignment of the Lease and the sale of the existing facilities may have a significant effect on the environment and will not lead to any direct or reasonably indirect physical environmental impacts. Staff recommends that the Board of Supervisors approve the proposed Consent to Assignment and Consent to Standard Offer, Agreement, and Escrow Instructions for Purchase of Real Estate. County Counsel has reviewed and approved as to form the Consent to Assignment and Consent to Standard Offer, Agreement, and Escrow Instructions for Purchase of Real Estate.

Impact on Citizens and Businesses

This Consent to Assignment and Consent to Standard Offer, Agreement, and Escrow Instructions for Purchase of Real Estate will assist in the County's effort to increase airport operations which will in turn provide increased patron activities for local businesses.

SUPPLEMENTAL:

Additional Fiscal Information

There is no net County cost and no budget adjustment required

ATTACHMENTS:

Attachment A- Consent to Assignment

Attachment B- Assignment and Acceptance

Attachment C- Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate

Attachment D –Consent to Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate

Attachment E- Lease and Amendments

ATTACHMENT A
CONSENT TO ASSIGNMENT
(behind this page)

CONSENT TO ASSIGNMENT

The County of Riverside, (Lessor) hereby consents to the foregoing Assignment dated November 24, 2015 from QUINN AIRE, LLC, a California limited liability company (Assignor), to HANGAR 51, LLC, a California limited liability company, (Assignee), of all Assignor's right, title and interest in and to that certain Lease approved by the Board of Supervisors of the County of Riverside on June 4, 2002, as subsequently amended by the following (i) First Amendment to Lease approved by the Board of Supervisors of the County of Riverside on Oct 21, 2003, (ii) Second Amendment to Lease approved by the Board of Supervisors of the County of Riverside December 13, 2005, (iii) Third Amendment to Lease approved by the Board of Supervisors of the County of Riverside July 25, 2006, and (iv) Fourth Amendment to Lease approved by the Board of Supervisors of the County of Riverside on December 16, 2008, (collectively, the "Lease") which Fourth Amendment to Lease reduced the leased premises to 1.5 acres of land, including all improvements located thereon, at the French Valley Airport County of Riverside, State of California, as legally described and depicted on Exhibits "A" and "B" to the Fourth Amendment to Lease.

Notwithstanding the above, Lessor does not hereby waive the restrictions contained in the above-referenced Lease with respect to any future assignments thereunder, and does not hereby release Assignor from any obligations that are not performed by Assignee, but otherwise accepts Assignee as lessee under the Lease for all intents and purposes as though Assignee was the original lessee.

IN WITNESS WHEREOF, the County of Riverside has caused its duly authorized representative to execute this Consent to Assignment as of the date set forth below.

Date: _____

COUNTY OF RIVERSIDE

a political Subdivision of the State of California

By: _____
Marion Ashley, Chairman
Board of Supervisors

ATTEST:
KECIA HARPER-ITEM
Clerk of the Board

APPROVED AS TO FORM:
GREG P. PRIAMOS, County Counsel

By: _____
Deputy

By: 
Jheila R. Brown
Deputy County Counsel

ATTACHMENT B
ASSIGNMENT AND ACCEPTANCE
(behind this page)

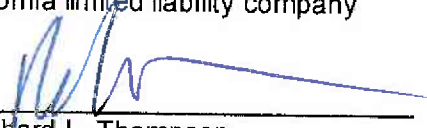
ASSIGNMENT

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, QUINN AIRE, LLC, a California limited liability company, hereby transfers and assigns to HANGAR 51, LLC, a California limited liability company, all its rights, title and interest under that certain unrecorded Lease approved by the Board of Supervisors of the County of Riverside on June 4, 2002, and amended by (i) First Amendment to Lease approved by the Board of Supervisors of the County of Riverside on October 21, 2003; (ii) Second Amendment to Lease approved by the Board of Supervisors of the County of Riverside on December 13, 2005; (iii) Third Amendment to Lease approved by the Board of Supervisors of the County of Riverside on July 25, 2006; and (iv) Fourth Amendment to Lease approved by the Board of Supervisors of the County of Riverside on December 1, 2008, which Fourth Amendment to Lease reduced the premises leased by the undersigned to 1.5 acres of land, including improvements located at the French Valley Airport, County of Riverside, State of California, a true and correct copy of said Lease and Amendments are attached hereto collectively as Exhibit "A." A memorandum of said lease was recorded with the County Recorder of Riverside County, State of California, on May 3, 2004, as Document No. 2004-0324499. The execution of this Assignment and the transfer of all rights, title and interest herein are contingent upon the acceptance and approval by the Riverside County Board of Supervisors.

QUINN AIRE, LLC,
a California limited liability company

Dated: November 24, 2015

By: _____


Richard L. Thompson
Manager


[SEE NEXT PAGE FOR ACCEPTANCE AND AGREEMENT]

ACCEPTANCE AND AGREEMENT

HANGAR 51, LLC, a California limited liability company, named in the foregoing Assignment, hereby accepts said Assignment and hereby agrees to keep, perform and be bound by all of the terms, covenants and conditions in said Lease and Amendments on the part of the Lessee therein to be kept and performed to all intents and purposes as though the undersigned Assignee was the original Lessee thereunder.

Dated: November 19, 2015

HANGAR 51, LLC,
a California limited liability company

By: 
Kenneth A. Engelman
Manager

ACKNOWLEDGMENTS

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss.
COUNTY OF San Mateo)

On November 24, 2015, before me, Nadine Braun,
Notary Public, personally appeared RICHARD L. THOMPSON, who proved to
me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/~~are~~ subscribed to the within instrument and acknowledged to me that
he/~~she/they~~ executed the same in his/~~her/their~~ authorized capacity(~~ies~~), and that
by his/~~her/their~~ signature(~~s~~) on the instrument the person(s), or the entity upon
behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of
California
that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

Nadine Braun
Notary Public



ATTACHMENT C
STANDARD OFFER, AGREEMENT AND ESCROW
INSTRUCTIONS FOR PURCHASE OF REAL ESTATE
(behind this page)

ATTACHMENT D
CONSENT TO STANDARD OFFER, AGREEMENT AND ESCROW
INSTRUCTIONS FOR PURCHASE OF REAL ESTATE
(behind this page)

**CONSENT TO STANDARD OFFER,
AGREEMENT AND ESCROW INSTRUCTIONS
FOR PURCHASE OF REAL ESTATE**

The County of Riverside, (County) hereby consents to the Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate ("Purchase Agreement") dated August 27, 2015 between QUINN AIRE, LLC, a California limited liability company (Seller), and Kenneth and Gayle Engelman or assignee. (Buyer), relating to the free standing industrial building located at 37610 Sky Canyon, Drive (French Valley Airport), Murrieta, CA. The Purchase Agreement is attached hereto as Exhibit "A."

By consenting to the Purchase Agreement, the County neither undertakes nor assumes nor will have any responsibility or duty to Buyer or to any third party to review, inspect, supervise, pass judgment upon or inform Buyer or any third party of any matter in connection with the subject building, whether regarding the quality, adequacy or suitability of the subject building for Buyer's proposed use, or otherwise. Buyer and all third parties shall rely upon its or their own judgment regarding such matters. The County makes no representations, express or implied, with respect to the legality, fitness, or desirability of the subject building for Buyer's intended use.

IN WITNESS WHEREOF, the County of Riverside has caused it duly authorized representative to execute this Consent to Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate as of the date set forth below.

Date: _____

LESSOR:
COUNTY OF RIVERSIDE,
a Political Subdivision of the State of California:

By: _____
Marion Ashley, Chairman
Board of Supervisors

ATTEST:
KECIA HARPER-ITEM
Clerk of the Board

APPROVED AS TO FORM:
GREG P. PRIAMOS, County Counsel

By: _____
Deputy

By: *Jhaila R. Brown*
Jhaila R. Brown
Deputy County Counsel

Kenneth and Gayle Engelman hereby acknowledge and consent to all of the terms set forth in this Consent to Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate

Kenneth A. Engelman, an individual

By: _____
Kenneth A. Engelman

Date: _____

Gayle Engelman, an individual

By: _____
Gayle Engelman

Date: _____

EXHIBIT "A"

Standard Offer, Agreement and Escrow Instructions for Purchase of Real Estate
(Behind this Page)



Buyer changes in RED

STANDARD OFFER, AGREEMENT AND ESCROW
INSTRUCTIONS FOR PURCHASE OF REAL ESTATE
(Non-Residential)
AIR Commercial Real Estate Association

August 27, 2015
(Date for Reference Purposes)

1. Buyer.

1.1 Kenneth & Gayle Engelman or assignee, ("Buyer") hereby offers to purchase the real property, hereinafter described, from the owner thereof ("Seller") (collectively, the "Parties" or individually, a "Party"), through an escrow ("Escrow") to close 30 or 15 days after the waiver or expiration of the Buyer's Contingencies, ("Expected Closing Date") to be held by AnneMarie Lo Coco of Chicago Title Company ("Escrow Holder") whose address is 2365 Northside Drive, Suite 600, San Diego, CA 92108

Phone No. (619) 521-3411, Facsimile No. lococoa@ctt.com upon the terms and conditions set forth in this agreement ("Agreement"). Buyer shall have the right to assign Buyer's rights hereunder, but any such assignment shall not relieve Buyer of Buyer's obligations herein unless Seller expressly releases Buyer.

1.2 The term "Date of Agreement" as used herein shall be the date when by execution and delivery (as defined in paragraph 20.2) of this document or a subsequent counteroffer thereto, Buyer and Seller have reached agreement in writing whereby Seller agrees to sell, and Buyer agrees to purchase, the Property upon terms accepted by both Parties.

2. Property.

2.1 The real property ("Property") that is the subject of this offer consists of (insert a brief physical description) an approximate 20,000 sf airplane hangar located on county leased land

is located in the City of Murrieta, County of Riverside, State of California, is commonly known by the street address of 37610 Sky Canyon Drive

and is legally described as: per Chicago Title Company

(APN: 963-030-010).

2.2 If the legal description of the Property is not complete or is inaccurate, this Agreement shall not be invalid and the legal description shall be completed or corrected to meet the requirements of Chicago Title Company ("Title Company"), which shall issue the title policy hereinafter described.

2.3 The Property includes, at no additional cost to Buyer, the permanent improvements thereon, including those items which pursuant to applicable law are a part of the property, as well as the following items, if any, owned by Seller and at present located on the Property: electrical distribution systems (power panel, bus ducting, conduits, disconnects, lighting fixtures); telephone distribution systems (lines, jacks and connections only); space heaters; heating, ventilating, air conditioning equipment ("HVAC"); air lines; fire sprinkler systems; security and fire detection systems; carpets; window coverings; wall coverings; and

(collectively, the "Improvements").

2.4 The fire sprinkler monitor: [] is owned by Seller and included in the Purchase Price, [] is leased by Seller, and Buyer will need to negotiate a new lease with the fire monitoring company, [x] ownership will be determined during Escrow, or [] there is no fire sprinkler monitor.

2.5 Except as provided in Paragraph 2.3, the Purchase Price does not include Seller's personal property, furniture and furnishings, and all of which shall be removed by Seller prior to Closing.

3. Purchase Price.

3.1 The purchase price ("Purchase Price") to be paid by Buyer to Seller for the Property shall be \$1,350,000.00, payable as follows:

- (a) Cash down payment, including the Deposit as defined in paragraph 4.3 (or if an all cash transaction, the Purchase Price): \$135,000.00
(b) Amount of "New Loan" as defined in paragraph 5.1, if any: \$1,215,000.00
(c) Buyer shall take title to the Property subject to and/or assume the following existing deed(s) of trust ("Existing Deed(s) of Trust") securing the existing promissory note(s) ("Existing Note(s)"):
(i) An Existing Note ("First Note") with an unpaid principal balance as of the Closing of approximately: \$ per month. Said First Note is payable at \$ per month, including interest at the rate of % per annum until paid (and/or the entire unpaid balance is due on).
(ii) An Existing Note ("Second Note") with an unpaid principal balance as of the Closing of approximately: \$ per month. Said Second Note is payable at \$ per month, including interest at the rate of % per annum until paid (and/or the entire unpaid balance is due on).
(d) Buyer shall give Seller a deed of trust ("Purchase Money Deed of Trust") on the Property to secure the promissory note of Buyer to Seller described in paragraph 3 ("Purchase Money Note") in the amount of: \$

Total Purchase Price: \$1,350,000.00

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Exhibit "A"

Handwritten initials and signature

1-951-677-0701

3.2 If Buyer is taking title to the Property subject to, or assuming, an Existing Deed of Trust and such deed of trust permits the beneficiary to demand payment of fees including, but not limited to, points, processing fees, and appraisal fees as a condition to the transfer of the Property, Buyer agrees to pay such fees up to a maximum of 1.5% of the unpaid principal balance of the applicable Existing Note.

4. Deposits.

4.1 Buyer has delivered to Broker a check in the sum of \$ _____, payable to Escrow Holder, to be delivered by Broker to Escrow Holder within 2 or _____ business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder, or within 2 or 1 business days after both Parties have executed this Agreement and the executed Agreement has been delivered to Escrow Holder. Buyer shall deliver to Escrow Holder a check in the sum of \$25,000.00. If said check is not received by Escrow Holder within said time period then Seller may elect to unilaterally terminate this transaction by giving written notice of such election to Escrow Holder whereupon neither Party shall have any further liability to the other under this Agreement. Should Buyer and Seller not enter into an agreement for purchase and sale, Buyer's check or funds shall, upon request by Buyer, be promptly returned to Buyer.

4.2 Additional deposits:

(a) Within 5 business days after the Date of Agreement, Buyer shall deposit with Escrow Holder the additional sum of \$ _____ to be applied to the Purchase Price at the Closing.

(b) Within 5 business days after the contingencies discussed in paragraph 5.1 (a) through (m) are approved or waived, Buyer shall deposit with Escrow Holder the additional sum of \$ _____ to be applied to the Purchase Price at the Closing.

(c) If an Additional Deposit is not received by Escrow Holder within the time period provided then Seller may notify Buyer, Escrow Holder, and Brokers, in writing that, unless the Additional Deposit is received by Escrow Holder within 2 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.

4.3 Escrow Holder shall deposit the funds deposited with it by Buyer pursuant to paragraphs 4.1 and 4.2 (collectively the "Deposit"), in a State or Federally chartered bank in an interest bearing account whose term is appropriate and consistent with the timing requirements of this transaction. The interest therefrom shall accrue to the benefit of Buyer, who hereby acknowledges that there may be penalties or interest forfeitures if the applicable instrument is redeemed prior to its specified maturity. Buyer's Federal Tax Identification Number is Hanger 51, LLC. NOTE: Such interest bearing account cannot be opened until Buyer's Federal Tax Identification Number is provided.

4.4 Notwithstanding the foregoing, within 5 days after Escrow Holder receives the monies described in paragraph 4.1 above, Escrow Holder shall release \$100 of said monies to Seller as and for independent consideration for Seller's execution of this Agreement and the granting of the contingency period to Buyer as herein provided. Such independent consideration is non-refundable to Buyer but shall be credited to the Purchase Price in the event that the purchase of the Property is completed.

5. Financing Contingency. (Strike if not applicable)

5.1 This offer is contingent upon Buyer obtaining from an insurance company, financial institution or other lender, a commitment to lend to Buyer a sum equal to at least 90% of the Purchase Price, on terms reasonably acceptable to Buyer. Such loan ("New Loan") shall be secured by a first deed of trust or mortgage on the Property. If this Agreement provides for Seller to carry back junior financing, then Seller shall have the right to approve the terms of the New Loan. Seller shall have 7 days from receipt of the commitment setting forth the proposed terms of the New Loan to approve or disapprove of such proposed terms. If Seller fails to notify Escrow Holder, in writing, of the disapproval within said 7 days it shall be conclusively presumed that Seller has approved the terms of the New Loan.

5.2 Buyer hereby agrees to diligently pursue obtaining the New Loan. If Buyer shall fail to notify its Broker, Escrow Holder and Seller, in writing within 45 days following the Date of Agreement, that the New Loan has not been obtained, it shall be conclusively presumed that Buyer has either obtained said New Loan or has waived this New Loan contingency.

5.3 If, after due diligence, Buyer shall notify its Broker, Escrow Holder and Seller, in writing, within the time specified in paragraph 5.2 hereof, that Buyer has not obtained said New Loan, this Agreement shall be terminated, and Buyer shall be entitled to the prompt return of the Deposit, plus any interest earned thereon, less only Escrow Holder and Title Company cancellation fees and costs, which Buyer shall pay.

6. Seller Financing (Purchase Money Note). (Strike if not applicable)

6.1 If Seller approves Buyer's financials (see paragraph 6.5) the Purchase Money Note shall provide for interest on unpaid principal at the rate of _____% per annum, with principal and interest paid as follows:

The Purchase Money Note and Purchase Money Deed of Trust shall be on the current forms commonly used by Escrow Holder, and be junior and subordinate only to the Existing Note(s) and/or the New Loan expressly called for by this Agreement.

6.2 The Purchase Money Note and/or the Purchase Money Deed of Trust shall contain provisions regarding the following (see also paragraph 10.3 (b)):

(a) Prepayment. Principal may be prepaid in whole or in part at any time without penalty, at the option of the Buyer.

(b) Late Charge. A late charge of 0% shall be payable with respect to any payment of principal, interest, or other charges, not made within 40 days after it is due.

(c) Due On Sale. In the event the Buyer sells or transfers title to the Property or any portion thereof, then the Seller may, at Seller's option, require the entire unpaid balance of said Note to be paid in full.

6.3 If the Purchase Money Deed of Trust is to be subordinate to either financing, Escrow Holder shall, at Buyer's expense prepare and record on Seller's behalf a request for notice of default and/or sale with regard to each mortgage or deed of trust to which it will be subordinate.

6.4 WARNING: CALIFORNIA LAW DOES NOT ALLOW DEFICIENCY JUDGEMENTS ON SELLER FINANCING IF BUYER ULTIMATELY DEFAULTS ON THE LOAN, SELLER'S SOLE REMEDY IS TO FORECLOSE ON THE PROPERTY.

6.5 Seller's obligation to provide financing is contingent upon Seller's reasonable approval of Buyer's financial condition. Buyer to provide a current financial statement and copies of its Federal tax returns for the last 2 years to Seller within 10 days following the Date of Agreement. Seller has 10 days following receipt of such documentation to satisfy itself with regard to Buyer's financial condition and to notify Escrow Holder as to whether or not Buyer's financial condition is acceptable. If Seller fails to notify Escrow Holder, in writing, of the disapproval of this contingency within said time period, it shall be conclusively presumed that Seller has approved Buyer's financial condition. If Seller is not satisfied with Buyer's financial condition or if Buyer fails to deliver the required documentation then Seller may notify Escrow Holder in writing that Seller Financing will not be available, and Buyer shall have the option, within 10 days of the receipt of such notice, to either terminate this transaction or to purchase the Property without Seller financing. If Buyer fails to notify Escrow Holder within said time period of his election to terminate this transaction then Buyer shall be conclusively presumed to have elected to purchase the Property without Seller financing. If Buyer elects to terminate, Buyer's Deposit shall be refunded less Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation.

7. Real Estate Brokers.

7.1 The following real estate broker(s) ("Brokers") and brokerage relationships exist in this transaction and are consented to by the Parties (check the applicable boxes):

- NAI San Diego & Bob Rohrbach represents Seller exclusively ("Seller's Broker");
 _____ represents Buyer exclusively ("Buyer's Broker"); or
 _____ represents both Seller and Buyer ("Dual Agency").

The Parties acknowledge that other than the Brokers listed above, there are no other brokers representing the Parties or due any fees and/or commissions under this Agreement. See paragraph 24 regarding the nature of a real estate agency relationship. Buyer shall use the services of Buyer's Broker exclusively in connection with any and all negotiations and offers with respect to the Property for a period of 1 year from the date inserted for reference purposes at the top of page 1.

7.2 Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker or finder in connection with the negotiation of this Agreement and/or the consummation of the purchase and sale contemplated herein, other than the Brokers named in paragraph 7.1, and no broker or other person, firm or entity, other than said Brokers is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts of such Party. Buyer and Seller do each hereby agree to indemnify, defend, protect and hold the other harmless from and against any costs, expenses or liability for compensation, commission or charges which may be claimed by any broker, finder or other similar party, other than said named Brokers by reason of any dealings or act of the indemnifying Party.

8. Escrow and Closing.

8.1 Upon acceptance hereof by Seller, this Agreement, including any counteroffers incorporated herein by the Parties, shall constitute not only

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Handwritten initials in a box labeled INITIALS.

the agreement of purchase and sale between Buyer and Seller, but also instructions to Escrow Holder for the consummation of the Agreement through the Escrow. Escrow Holder shall not prepare any further escrow instructions relating or amending the Agreement unless specifically so instructed by the Parties or a Broker herein. Subject to the reasonable approval of the Parties, Escrow Holder may, however, include its standard general escrow provisions.

8.2 As soon as practical after the receipt of this Agreement and any relevant counteroffers, Escrow Holder shall ascertain the Date of Agreement as defined in paragraphs 1.2 and 20.2 and advise the Parties and Brokers, in writing, of the date ascertained.

8.3 Escrow Holder is hereby authorized and instructed to conduct the Escrow in accordance with this Agreement, applicable law and custom and practice of the community in which Escrow Holder is located, including any reporting requirements of the Internal Revenue Code. In the event of a conflict between the law of the state where the Property is located and the law of the state where the Escrow Holder is located, the law of the state where the Property is located shall prevail.

8.4 Subject to satisfaction of the contingencies herein described, Escrow Holder shall close this escrow (the "Closing") by recording a general warranty deed (a grant deed in California) and the other documents required to be recorded, and by disbursing the funds and documents in accordance with this Agreement.

8.5 Buyer and Seller shall each pay one-half of the Escrow Holder's charges and Seller shall pay the usual recording fees and any required documentary transfer taxes. Seller shall pay the premium for a standard coverage owner's or joint protection policy of title insurance. (See also paragraph 11)

8.6 Escrow Holder shall verify that all of Buyer's contingencies have been satisfied or waived prior to Closing. The matters contained in paragraphs 9.1 subparagraphs (b), (c), (d), (e), (g), (i), (j), (k), and (l), 9.4, 9.5, 12, 13, 14, 16, 18, 20, 21, 22, and 24 are, however, matters of agreement between the Parties only and are not instructions to Escrow Holder.

8.7 If this transaction is terminated for non-satisfaction and non-waiver of a Buyer's Contingency, as defined in paragraph 9.2, then neither of the Parties shall thereafter have any liability to the other under this Agreement, except to the extent of a breach of any affirmative covenant or warranty in this Agreement. In the event of such termination, Buyer shall, subject to the provisions of paragraph 8.10, be promptly refunded all funds deposited by Buyer with Escrow Holder, less only the \$100 provided for in paragraph 4.4 and the Title Company and Escrow Holder cancellation fees and costs, all of which shall be Buyer's obligation. If this transaction is terminated as a result of Seller's breach of this Agreement then Seller shall pay the Title Company and Escrow Holder cancellation fees and costs.

8.8 The Closing shall occur on the Expected Closing Date, or as soon thereafter as the Escrow is in condition for Closing; provided, however, that if the Closing does not occur by the Expected Closing Date and said Date is not extended by mutual instructions of the Parties, a Party not then in default under this Agreement may notify the other Party, Escrow Holder, and Brokers, in writing that, unless the Closing occurs within 5 business days following said notice, the Escrow shall be deemed terminated without further notice or instructions.

8.9 Except as otherwise provided herein, the termination of Escrow shall not relieve or release either Party from any obligation to pay Escrow Holder's fees and costs or constitute a waiver or discharge of any breach or default that has occurred in the performance of the obligations, agreements, covenants or warranties contained therein.

8.10 If this sale of the Property is not consummated for any reason other than Seller's breach or default, then at Seller's request, and as a condition to any obligation to return Buyer's deposit (see paragraph 21), Buyer shall within 6 days after written request deliver to Seller, at no charge, copies of all surveys, engineering studies, soil reports, maps, master plans, feasibility studies and other similar items prepared by or for Buyer that pertain to the Property. Provided, however, that Buyer shall not be required to deliver any such report if the written contract which Buyer entered into with the consultant who prepared such report specifically forbids the dissemination of the report to others.

9. Contingencies to Closing.

9.1 The Closing of this transaction is contingent upon the satisfaction or waiver of the following contingencies. IF BUYER FAILS TO NOTIFY ESCROW HOLDER, IN WRITING, OF THE DISAPPROVAL OF ANY OF SAID CONTINGENCIES WITHIN THE TIME SPECIFIED THEREIN, IT SHALL BE CONCLUSIVELY PRESUMED THAT BUYER HAS APPROVED SUCH ITEM, MATTER OR DOCUMENT. Buyer's conditional approval shall constitute disapproval, unless provision is made by the Seller within the time specified therefore by the Buyer in such conditional approval or by this Agreement, whichever is later, for the satisfaction of the condition imposed by the Buyer. Escrow Holder shall promptly provide all Parties with copies of any written disapproval or conditional approval which it receives. With regard to subparagraphs (a) through (m) the pre-printed time periods shall control unless a different number of days is inserted in the spaces provided.

(a) *Disclosure.* Seller shall make to Buyer, through Escrow, all of the applicable disclosures required by law (See AIR Commercial Real Estate Association ("AIR") standard form entitled "Seller's Mandatory Disclosure Statement") and provide Buyer with a completed Property Information Sheet ("Property Information Sheet") concerning the Property, duly executed by or on behalf of Seller in the current form or equivalent to that published by the AIR within 40 or 3 days following the Date of Agreement. Buyer has 40-45 days from the Date of Agreement receipt-of-said disclosures to approve or disapprove the matters disclosed.

(b) *Physical Inspection.* Buyer has 40-or 45 days from the Date of Agreement receipt-of-the-Property-Information-Sheet-or-the-Date-of-Agreement, whichever-is-later, to satisfy itself with regard to the physical aspects and size of the Property.

(c) *Hazardous Substance Conditions Report.* Buyer has 30-or 45 days from the Date of Agreement receipt-of-the-Property-Information-Sheet-or-the-Date-of-Agreement, whichever-is-later, to satisfy itself with regard to the environmental aspects of the Property. Seller recommends that Buyer obtain a Hazardous Substance Conditions Report concerning the Property and relevant adjoining properties. Any such report shall be paid for by Buyer. A "Hazardous Substance" for purposes of this Agreement is defined as any substance whose nature and/or quantity of existence, use, manufacture, disposal or effect, render it subject to Federal, state or local regulation, investigation, remediation or removal as potentially injurious to public health or welfare. A "Hazardous Substance Condition" for purposes of this Agreement is defined as the existence on, under or adjacent to the Property of a Hazardous Substance that would require remediation and/or removal under applicable Federal, state or local law.

(d) *Soil Inspection.* Buyer has 30-or 45 days from the Date of Agreement receipt-of-the-Property-Information-Sheet-or-the-Date-of-Agreement, whichever-is-later, to satisfy itself with regard to the condition of the soils on the Property. Seller recommends that Buyer obtain a soil test report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any soils report that Seller may have within 40-5 days of the Date of Agreement.

(e) *Governmental Approvals.* Buyer has 30-or 45 days from the Date of Agreement to satisfy itself with regard to approvals and permits from governmental agencies or departments which have or may have jurisdiction over the Property and which Buyer deems necessary or desirable in connection with its intended use of the Property, including, but not limited to, permits and approvals required with respect to zoning, planning, building and safety, fire, police, handicapped and Americans with Disabilities Act requirements, transportation and environmental matters.

(f) *Conditions of Title.* Escrow Holder shall cause a current commitment for title insurance ("Title Commitment") concerning the Property issued by the Title Company, as well as legible copies of all documents referred to in the Title Commitment ("Underlying Documents"), and a scaled and dimensioned plot showing the location of any easements to be delivered to Buyer within 40-or 3 days following the Date of Agreement. Buyer has 40-45 days from the Date of Agreement receipt-of-the-Title-Commitment, the-Underlying-Documents-and-the-plot-plan to satisfy itself with regard to the condition of title. The disapproval by Buyer of any monetary encumbrance, which by the terms of this Agreement is not to remain against the Property after the Closing, shall not be considered a failure of this contingency, as Seller shall have the obligation, at Seller's expense, to satisfy and remove such disapproved monetary encumbrance at or before the Closing.

(g) *Survey.* Buyer has 30-or 45 days from the Date of Agreement receipt-of-the-Title-Commitment-and-Underlying-Documents to satisfy itself with regard to any ALTA title supplement based upon a survey prepared to American Land Title Association ("ALTA") standards for an owner's policy by a licensed surveyor, showing the legal description and boundary lines of the Property, any easements of record, and any improvements, poles, structures and things located within 10 feet of either side of the Property boundary lines. Any such survey shall be prepared at Buyer's direction and expense. If Buyer has obtained a survey and approved the ALTA title supplement, Buyer may elect within the period allowed for Buyer's approval of a survey to have an ALTA extended coverage owner's form of title policy, in which event Buyer shall pay any additional premium attributable thereto.

(h) *Existing Leases and Tenancy Statements.* Seller shall within 40-or 3 days of the Date of Agreement provide both Buyer and Escrow Holder with legible copies of all leases, subleases or rental arrangements (collectively, "Existing Leases") affecting the Property, and with a tenancy statement ("Estoppel Certificate") in the latest form or equivalent to that published by the AIR, executed by Seller and/or each tenant and subtenant of the Property. Seller shall use its best efforts to have each tenant complete and execute an Estoppel Certificate. If any tenant fails or refuses to provide an Estoppel Certificate then Seller shall complete and execute an Estoppel Certificate for that tenancy. Buyer has 40-45 days from the Date of Agreement receipt-of-said-Existing-Leases-and-Estoppel-Certificates to satisfy itself with regard to the Existing Leases and any other tenancy issues.

(i) *Owner's Association.* Seller shall within 10-or-_____ days of the Date of Agreement provide Buyer with a statement and transfer package from any owner's association servicing the Property. Such transfer package shall at a minimum include: copies of the association's bylaws, articles of Incorporation, current budget and financial statement. Buyer has 40-45 days from the Date of Agreement receipt-of-such-documents to satisfy itself with regard to the association.


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(j) **Other Agreements.** Seller shall within 10 or _____ days of the Date of Agreement provide Buyer with legible copies of all other agreements ("Other Agreements") known to Seller that will affect the Property after Closing. Buyer has 40-45 days from the Date of Agreement receipt of said Other Agreements to satisfy itself with regard to such Agreements.

(k) **Financing.** If paragraph 5 hereof dealing with a financing contingency has not been stricken, the satisfaction or waiver of such New Loan contingency.

(l) **Existing Notes.** If paragraph 3.1(c) has not been stricken, Seller shall within 10 or _____ 3 _____ days of the Date of Agreement provide Buyer with legible copies of the Existing Notes, Existing Deeds of Trust and related agreements (collectively, "Loan Documents") to which the Property will remain subject after the Closing. Escrow Holder shall promptly request from the holders of the Existing Notes a beneficiary statement ("Beneficiary Statement") confirming: (1) the amount of the unpaid principal balance, the current interest rate, and the date to which interest is paid, and (2) the nature and amount of any impounds held by the beneficiary in connection with such loan. Buyer has 10 or _____ 45 _____ days from the Date of Agreement receipt of the Loan Documents and Beneficiary Statements to satisfy itself with regard to such financing. Buyer's obligation to close is conditioned upon Buyer being able to purchase the Property without acceleration or change in the terms of any Existing Notes or charges to Buyer except as otherwise provided in this Agreement or approved by Buyer, provided, however, Buyer shall pay the transfer fee referred to in paragraph 3.2 hereof. Likewise if Seller is to carry back a Purchase Money Note then Seller shall within 10 or _____ 3 _____ days of the Date of Agreement provide Buyer with a copy of the proposed Purchase Money Note and Purchase Money Deed of Trust. Buyer has 10 or _____ 45 _____ days from the Date of Agreement receipt of such documents to satisfy itself with regard to the form and content thereof.

(m) **Personal Property.** In the event that any personal property is included in the Purchase Price, Buyer has 40 or _____ 45 _____ days from the Date of Agreement to satisfy itself with regard to the title condition of such personal property. Seller recommends that Buyer obtain a UCC-1 report. Any such report shall be paid for by Buyer. Seller shall provide Buyer copies of any liens or encumbrances affecting such personal property that it is aware of within 40 or _____ 3 _____ days of the Date of Agreement.

(n) **Destruction, Damage or Loss.** Subsequent to the Date of Agreement and prior to Closing there shall not have occurred a destruction, or damage or loss to, the Property or any portion thereof, from any cause whatsoever, which would cost more than \$10,000.00 to repair or cure. If the cost of repair or cure is \$10,000.00 or less, Seller shall repair or cure the loss prior to the Closing. Buyer shall have the option, within 10 days after receipt of written notice of a loss costing more than \$10,000.00 to repair or cure, to either terminate this Agreement or to purchase the Property notwithstanding such loss, but without deduction or offset against the Purchase Price. If the cost to repair or cure is more than \$10,000.00, and Buyer does not elect to terminate this Agreement, Buyer shall be entitled to any insurance proceeds applicable to such loss. Unless otherwise notified in writing, Escrow Holder shall assume no such destruction, damage or loss has occurred prior to Closing.

(o) **Material Change.** Buyer shall have 10 days following receipt of written notice of a Material Change within which to satisfy itself with regard to such change. "Material Change" shall mean a substantial adverse change in the use, occupancy, tenants, title, or condition of the Property that occurs after the date of this offer and prior to the Closing. Unless otherwise notified in writing, Escrow Holder shall assume that no Material Change has occurred prior to the Closing.

(p) **Seller Performance.** The delivery of all documents and the due performance by Seller of each and every undertaking and agreement to be performed by Seller under this Agreement.

(q) **Brokerage Fee.** Payment at the Closing of such brokerage fee as is specified in this Agreement or later written instructions to Escrow Holder executed by Seller and Brokers ("Brokerage Fee"). It is agreed by the Parties and Escrow Holder that Brokers are a third party beneficiary of this Agreement insofar as the Brokerage Fee is concerned, and that no change shall be made with respect to the payment of the Brokerage Fee specified in this Agreement, without the written consent of Brokers.

9.2 All of the contingencies specified in subparagraphs (a) through (m) of paragraph 9.1 are for the benefit of, and may be waived by, Buyer, and may be elsewhere herein referred to as "Buyer's Contingencies."

9.3 If any of Buyer's Contingencies or any other matter subject to Buyer's approval is disapproved as provided for herein in a timely manner ("Disapproved Item"), Seller shall have the right within 10 days following the receipt of notice of Buyer's disapproval to elect to cure such Disapproved Item prior to the Expected Closing Date ("Seller's Election"). Seller's failure to give to Buyer within such period, written notice of Seller's commitment to cure such Disapproved Item on or before the Expected Closing Date shall be conclusively presumed to be Seller's Election not to cure such Disapproved Item. If Seller elects, either by written notice or failure to give written notice, not to cure a Disapproved Item, Buyer shall have the right, within 10 days after Seller's Election to either accept title to the Property subject to such Disapproved Item, or to terminate this Agreement. Buyer's failure to notify Seller in writing of Buyer's election to accept title to the Property subject to the Disapproved Item without deduction or offset shall constitute Buyer's election to terminate this Agreement. The above time periods only apply once for each Disapproved Item. Unless expressly provided otherwise herein, Seller's right to cure shall not apply to the remediation of Hazardous Substance Conditions or to the Financing Contingency. Unless the Parties mutually instruct otherwise, if the time periods for the satisfaction of contingencies or for Seller's and Buyer's elections would expire on a date after the Expected Closing Date, the Expected Closing Date shall be deemed extended for 3 business days following the expiration of: (a) the applicable contingency period(s), (b) the period within which the Seller may elect to cure the Disapproved Item, or (c) if Seller elects not to cure, the period within which Buyer may elect to proceed with this transaction, whichever is later.

9.4 The Parties acknowledge that extensive local, state and Federal legislation establish broad liability upon owners and/or users of real property for the investigation and remediation of Hazardous Substances. The determination of the existence of a Hazardous Substance Condition and the evaluation of the impact of such a condition are highly technical and beyond the expertise of Brokers. The Parties acknowledge that they have been advised by Brokers to consult their own technical and legal experts with respect to the possible presence of Hazardous Substances on the Property or adjoining properties, and Buyer and Seller are not relying upon any investigation by or statement of Brokers with respect thereto. The Parties hereby assume all responsibility for the impact of such Hazardous Substances upon their respective interests herein.

10. Documents Required at or Before Closing:

10.1 Five days prior to the Closing date Escrow Holder shall obtain an updated Title Commitment concerning the Property from the Title Company and provide copies thereof to each of the Parties.

10.2 Seller shall deliver to Escrow Holder in time for delivery to Buyer at the Closing:

- (a) Grant or general warranty deed, duly executed and in recordable form, conveying fee title to the Property to Buyer.
- (b) If applicable, the Beneficiary Statements concerning Existing Notes(s).
- (c) If applicable, the Existing Leases and Other Agreements together with duly executed assignments thereof by Seller and Buyer. The assignment of Existing Leases shall be on the most recent Assignment and Assumption of Lessor's interest in Lease form published by the AIR or its equivalent.
- (d) If applicable, Estoppel Certificates executed by Seller and/or the tenant(s) of the Property.
- (e) An affidavit executed by Seller to the effect that Seller is not a "foreign person" within the meaning of Internal Revenue Code Section 1445 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Internal Revenue Service such sum as is required by applicable Federal law with respect to purchases from foreign sellers.
- (f) If the Property is located in California, an affidavit executed by Seller to the effect that Seller is not a "nonresident" within the meaning of California Revenue and Tax Code Section 18682 or successor statutes. If Seller does not provide such affidavit in form reasonably satisfactory to Buyer at least 3 business days prior to the Closing, Escrow Holder shall at the Closing deduct from Seller's proceeds and remit to the Franchise Tax Board such sum as is required by such statute.
- (g) If applicable, a bill of sale, duly executed, conveying title to any included personal property to Buyer.
- (h) If the Seller is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the sale of the Property.

10.3 Buyer shall deliver to Seller through Escrow:

- (a) The cash portion of the Purchase Price and such additional sums as are required of Buyer under this Agreement shall be deposited by Buyer with Escrow Holder, by federal funds wire transfer, or any other method acceptable to Escrow Holder in immediately collectable funds, no later than 2:00 P.M. on the business day prior to the Expected Closing Date provided, however, that Buyer shall not be required to deposit such monies into Escrow if at the time set for the deposit of such monies Seller is in default or has indicated that it will not perform any of its obligations hereunder. Instead, in such circumstances in order to reserve its rights to proceed Buyer need only provide Escrow with evidence establishing that the required monies were available.
- (b) If a Purchase Money Note and Purchase Money Deed of Trust being in recordable form, together with evidence of fire insurance on the improvements in the amount of the full replacement cost naming Seller as a mortgage loss payee, and a real estate tax service contract (at Buyer's expense), assuring Seller of notice of the status of payment of real property taxes during the life of the Purchase Money Note.
- (c) The Assignment and Assumption of Lessor's Interest in Lease form specified in paragraph 10.2(c) above, duly executed by Buyer.
- (d) Assumptions duly executed by Buyer of the obligations of Seller that accrue after Closing under any Other Agreements.
- (e) If applicable, a written assumption duly executed by Buyer of the loan documents with respect to Existing Notes.


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(f) If the Buyer is a corporation, a duly executed corporate resolution authorizing the execution of this Agreement and the purchase of the Property.

10.4 At Closing, Escrow Holder shall cause to be issued to Buyer a standard coverage (or ALTA extended, if elected pursuant to 9.1(g)) owner's form policy of title insurance effective as of the Closing, issued by the Title Company in the full amount of the Purchase Price, insuring title to the Property vested in Buyer, subject only to the exceptions approved by Buyer. In the event there is a Purchase Money Deed of Trust in this transaction, the policy of title insurance shall be a joint protection policy insuring both Buyer and Seller.

IMPORTANT: IN A PURCHASE OR EXCHANGE OF REAL PROPERTY, IT MAY BE ADVISABLE TO OBTAIN TITLE INSURANCE IN CONNECTION WITH THE CLOSE OF ESCROW SINCE THERE MAY BE PRIOR RECORDED LIENS AND ENCUMBRANCES WHICH AFFECT YOUR INTEREST IN THE PROPERTY BEING ACQUIRED. A NEW POLICY OF TITLE INSURANCE SHOULD BE OBTAINED IN ORDER TO ENSURE YOUR INTEREST IN THE PROPERTY THAT YOU ARE ACQUIRING.

11. Prorations and Adjustments.

11.1 **Taxes.** Applicable real property taxes and special assessment bonds shall be prorated through Escrow as of the date of the Closing, based upon the latest tax bill available. The Parties agree to prorate as of the Closing any taxes assessed against the Property by supplemental bill levied by reason of events occurring prior to the Closing. Payment of the prorated amount shall be made promptly in cash upon receipt of a copy of any supplemental bill.

11.2 **Insurance.** WARNING: Any insurance which Seller may have maintained will terminate on the Closing. Buyer is advised to obtain appropriate insurance to cover the Property.

11.3 **Rentals, Interest and Expenses.** Scheduled rentals, interest on Existing Notes, utilities, and operating expenses shall be prorated as of the date of Closing. The Parties agree to promptly adjust between themselves outside of Escrow any rents received after the Closing.

11.4 **Security Deposit.** Security Deposits held by Seller shall be given to Buyer as a credit to the cash required of Buyer at the Closing.

11.5 **Post Closing Matters.** Any item to be prorated that is not determined or determinable at the Closing shall be promptly adjusted by the Parties by appropriate cash payment outside of the Escrow when the amount due is determined.

11.6 **Variations in Existing Note Balances.** In the event that Buyer is purchasing the Property subject to an Existing Deed of Trust(s), and in the event that a Beneficiary Statement as to the applicable Existing Note(s) discloses that the unpaid principal balance of such Existing Note(s) at the closing will be more or less than the amount set forth in paragraph 3.1(c) hereof ("Existing Note Variation"), then the Purchase Money Note(s) shall be reduced or increased by an amount equal to such Existing Note Variation. If there is to be no Purchase Money Note, the cash required at the Closing per paragraph 3.1(a) shall be reduced or increased by the amount of such Existing Note Variation.

11.7 **Variations in New Loan Balance.** In the event Buyer is obtaining a New Loan and the amount ultimately obtained exceeds the amount set forth in paragraph 3.1, then the amount of the Purchase Money Note, if any, shall be reduced by the amount of such excess.

11.8 **Owner's Association Fees.** Escrow Holder shall: (i) bring Seller's account with the association current and pay any delinquencies or transfer fees from Seller's proceeds, and (ii) pay any up front fees required by the association from Buyer's funds.

12. Representations and Warranties of Seller and Disclosures.

12.1 Seller's warranties and representations shall survive the Closing and delivery of the deed for a period of 3 years, and any lawsuit or action based upon them must be commenced within such time period. Seller's warranties and representations are true, material and relied upon by Buyer and Brokers in all respects. Seller hereby makes the following warranties and representations to Buyer and Brokers:

(a) **Authority of Seller.** Seller is the owner of the Property and/or has the full right, power and authority to sell, convey and transfer the Property to Buyer as provided herein, and to perform Seller's obligations hereunder.

(b) **Maintenance During Escrow and Equipment Condition At Closing.** Except as otherwise provided in paragraph 8.1(n) hereof, Seller shall maintain the Property until the Closing in its present condition, ordinary wear and tear excepted.

(c) **Hazardous Substances/Storage Tanks.** Seller has no knowledge, except as otherwise disclosed to Buyer in writing, of the existence or prior existence on the Property of any Hazardous Substance, nor of the existence or prior existence of any above or below ground storage tank.

(d) **Compliance.** Seller has no knowledge of any aspect or condition of the Property which violates applicable laws, rules, regulations, codes or covenants, conditions or restrictions, or of improvements or alterations made to the Property without a permit where one was required, or of any unfulfilled order or directive of any applicable governmental agency or casualty insurance company requiring any investigation, remediation, repair, maintenance or improvement to be performed on the Property.

(e) **Changes in Agreements.** Prior to the Closing, Seller will not violate or modify any Existing Lease or Other Agreement, or create any new leases or other agreements affecting the Property, without Buyer's written approval, which approval will not be unreasonably withheld.

(f) **Possessory Rights.** Seller has no knowledge that anyone will, at the Closing, have any right to possession of the Property, except as disclosed by this Agreement or otherwise in writing to Buyer.

(g) **Mechanics' Liens.** There are no unsatisfied mechanics' or materialmen's lien rights concerning the Property.

(h) **Actions, Suits or Proceedings.** Seller has no knowledge of any actions, suits or proceedings pending or threatened before any commission, board, bureau, agency, arbitrator, court or tribunal that would affect the Property or the right to occupy or utilize same.

(i) **Notice of Changes.** Seller will promptly notify Buyer and Brokers in writing of any Material Change (see paragraph 9.1(o)) affecting the Property that becomes known to Seller prior to the Closing.

(j) **No Tenant Bankruptcy Proceedings.** Seller has no notice or knowledge that any tenant of the Property is the subject of a bankruptcy or insolvency proceeding.

(k) **No Seller Bankruptcy Proceedings.** Seller is not the subject of a bankruptcy, insolvency or probate proceeding.

(l) **Personal Property.** Seller has no knowledge that anyone will, at the Closing, have any right to possession of any personal property included in the Purchase Price nor knowledge of any liens or encumbrances affecting such personal property, except as disclosed by this Agreement or otherwise in writing to Buyer.

12.2 Buyer hereby acknowledges that, except as otherwise stated in this Agreement, Buyer is purchasing the Property in its existing condition and will, by the time called for herein, make or have made all inspections of the Property Buyer believes are necessary to protect its own interest in, and its contemplated use of, the Property. The Parties acknowledge that, except as otherwise stated in this Agreement, no representations, inducements, promises, agreements, assurances, oral or written, concerning the Property, or any aspect of the occupational safety and health laws, Hazardous Substance laws, or any other act, ordinance or law, have been made by either Party or Brokers, or relied upon by either Party hereto.

12.3 In the event that Buyer learns that a Seller representation or warranty might be untrue prior to the Closing, and Buyer elects to purchase the Property anyway then, and in that event, Buyer waives any right that it may have to bring an action or proceeding against Seller or Brokers regarding said representation or warranty.

12.4 Any environmental reports, soils reports, surveys, and other similar documents which were prepared by third party consultants and provided to Buyer by Seller or Seller's representatives, have been delivered as an accommodation to Buyer and without any representation or warranty as to the sufficiency, accuracy, completeness, and/or validity of said documents, all of which Buyer relies on at its own risk. Seller believes said documents to be accurate, but Buyer is advised to retain appropriate consultants to review said documents and investigate the Property.

13. Possession.

Possession of the Property shall be given to Buyer at the Closing subject to the rights of tenants under Existing Leases.

14. Buyer's Entry.

At any time during the Escrow period, Buyer, and its agents and representatives, shall have the right at reasonable times and subject to rights of tenants, to enter upon the Property for the purpose of making inspections and tests specified in this Agreement. No destructive testing shall be conducted, however, without Seller's prior approval which shall not be unreasonably withheld. Following any such entry or work, unless otherwise directed in writing by Seller, Buyer shall return the Property to the condition it was in prior to such entry or work, including the recompaction or removal of any disrupted soil or material as Seller may reasonably direct. All such inspections and tests and any other work conducted or materials furnished with respect to the Property by or for Buyer shall be paid for by Buyer as and when due and Buyer shall indemnify, defend, protect and hold harmless Seller and the Property of and from any and all claims, liabilities, losses, expenses (including reasonable attorneys' fees), damages, including those for injury to person or property, arising out of or relating to any such work or materials or the acts or omissions of Buyer, its agents or employees in connection therewith.

15. Further Documents and Assurances.

The Parties shall each, diligently and in good faith, undertake all actions and procedures reasonably required to place the Escrow in condition for Closing as and when required by this Agreement. The Parties agree to provide all further information, and to execute and deliver all further documents, reasonably required by Escrow Holder or the Title Company.

16. Attorneys' Fees.

If any Party or Broker brings an action or proceeding (including arbitration) involving the Property whether founded in tort, contract or equity, or to declare rights hereunder, the Prevailing Party (as hereinafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term "Prevailing Party" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense.


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The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred.

17. Prior Agreements/Amendments.

- 17.1 This Agreement supersedes any and all prior agreements between Seller and Buyer regarding the Property.
17.2 Amendments to this Agreement are effective only if made in writing and executed by Buyer and Seller.

18. Broker's Rights.

18.1 If this sale is not consummated due to the default of either the Buyer or Seller, the defaulting Party shall be liable to and shall pay to Brokers the Brokerage Fee that Brokers would have received had the sale been consummated. If Buyer is the defaulting party, payment of said Brokerage Fee is in addition to any obligation with respect to liquidated or other damages.

18.2 Upon the Closing, Brokers are authorized to publicize the facts of this transaction.

19. Notices.

19.1 Whenever any Party, Escrow Holder or Brokers herein shall desire to give or serve any notice, demand, request, approval, disapproval or other communication, each such communication shall be in writing and shall be delivered personally, by messenger, or by mail, postage prepaid, to the address set forth in this agreement or by facsimile transmission, electronic signature, digital signature, or email.

19.2 Service of any such communication shall be deemed made on the date of actual receipt if personally delivered, or transmitted by facsimile transmission, electronic signature, digital signature, or email. Any such communication sent by regular mail shall be deemed given 48 hours after the same is mailed. Communications sent by United States Express Mail or overnight courier that guarantees next day delivery shall be deemed delivered 24 hours after delivery of the same to the Postal Service or courier. If such communication is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

19.3 Any Party or Broker hereto may from time to time, by notice in writing, designate a different address to which, or a different person or additional persons to whom, all communications are thereafter to be made.

20. Duration of Offer.

20.1 If this offer is not accepted by Seller on or before 5:00 P.M. according to the time standard applicable to the city of

Murrieta

on the date of September 4, 2015

it shall be deemed automatically revoked.

20.2 The acceptance of this offer, or of any subsequent counteroffer hereto, that creates an agreement between the Parties as described in paragraph 1.2, shall be deemed made upon delivery to the other Party or either Broker herein of a duly executed writing unconditionally accepting the last outstanding offer or counteroffer.

21. LIQUIDATED DAMAGES. (This Liquidated Damages paragraph is applicable only if initiated by both Parties.)

THE PARTIES AGREE THAT IT WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX, PRIOR TO SIGNING THIS AGREEMENT, THE ACTUAL DAMAGES WHICH WOULD BE SUFFERED BY SELLER IF BUYER FAILS TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT. THEREFORE, IF, AFTER THE SATISFACTION OR WAIVER OF ALL CONTINGENCIES PROVIDED FOR THE BUYER'S BENEFIT, BUYER BREACHES THIS AGREEMENT, SELLER SHALL BE ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT OF \$25,000.00. UPON PAYMENT OF SAID SUM TO SELLER, BUYER SHALL BE RELEASED FROM ANY FURTHER LIABILITY TO SELLER, AND ANY ESCROW CANCELLATION FEES AND TITLE COMPANY CHARGES SHALL BE PAID BY SELLER.

Handwritten initials for Buyer

Handwritten initials for Seller

22. ARBITRATION OF DISPUTES. (This Arbitration of Disputes paragraph is applicable only if initiated by both Parties.)

22.1 ANY CONTROVERSY AS TO WHETHER SELLER IS ENTITLED TO THE LIQUIDATED DAMAGES AND/OR BUYER IS ENTITLED TO THE RETURN OF DEPOSIT MONEY, SHALL BE DETERMINED BY BINDING ARBITRATION BY, AND UNDER THE COMMERCIAL RULES OF THE AMERICAN ARBITRATION ASSOCIATION ("COMMERCIAL RULES"). ARBITRATION HEARINGS SHALL BE HELD IN THE COUNTY WHERE THE PROPERTY IS LOCATED. ANY SUCH CONTROVERSY SHALL BE ARBITRATED BY 3 ARBITRATORS WHO SHALL BE IMPARTIAL REAL ESTATE BROKERS WITH AT LEAST 5 YEARS OF FULL TIME EXPERIENCE IN BOTH THE AREA WHERE THE PROPERTY IS LOCATED AND THE TYPE OF REAL ESTATE THAT IS THE SUBJECT OF THIS AGREEMENT. THEY SHALL BE APPOINTED UNDER THE COMMERCIAL RULES. THE ARBITRATORS SHALL HEAR AND DETERMINE SAID CONTROVERSY IN ACCORDANCE WITH APPLICABLE LAW, THE INTENTION OF THE PARTIES AS EXPRESSED IN THIS AGREEMENT AND ANY AMENDMENTS THERETO, AND UPON THE EVIDENCE PRODUCED AT AN ARBITRATION HEARING. PRE-ARBITRATION DISCOVERY SHALL BE PERMITTED IN ACCORDANCE WITH THE COMMERCIAL RULES OR STATE LAW APPLICABLE TO ARBITRATION PROCEEDINGS. THE AWARD SHALL BE EXECUTED BY AT LEAST 2 OF THE 3 ARBITRATORS, BE RENDERED WITHIN 30 DAYS AFTER THE CONCLUSION OF THE HEARING, AND MAY INCLUDE ATTORNEYS' FEES AND COSTS TO THE PREVAILING PARTY PER PARAGRAPH 18 HEREOF. JUDGMENT MAY BE ENTERED ON THE AWARD IN ANY COURT OF COMPETENT JURISDICTION NOTWITHSTANDING THE FAILURE OF A PARTY DULY NOTIFIED OF THE ARBITRATION HEARING TO APPEAR THEREAT.

22.2 BUYER'S RESORT TO OR PARTICIPATION IN SUCH ARBITRATION PROCEEDINGS SHALL NOT BAR SUIT IN A COURT OF COMPETENT JURISDICTION BY THE BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE UNLESS AND UNTIL THE ARBITRATION RESULTS IN AN AWARD TO THE SELLER OF LIQUIDATED DAMAGES, IN WHICH EVENT SUCH AWARD SHALL ACT AS A BAR AGAINST ANY ACTION BY BUYER FOR DAMAGES AND/OR SPECIFIC PERFORMANCE.

22.3 NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS SUCH RIGHTS ARE SPECIFICALLY INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE "ARBITRATION OF DISPUTES" PROVISION TO NEUTRAL ARBITRATION.

Handwritten initials for Buyer

Handwritten initials for Seller

23. Miscellaneous.

23.1 Binding Effect. This Agreement shall be binding on the Parties without regard to whether or not paragraphs 21 and 22 are initiated by both of the Parties. Paragraphs 21 and 22 are each incorporated into this Agreement only if initiated by both Parties at the time that the Agreement is executed.

23.2 Applicable Law. This Agreement shall be governed by, and paragraph 22.3 is amended to refer to, the laws of the state in which the Property is located. Any litigation or arbitration between the Parties hereto concerning this Agreement shall be initiated in the county in which the Property is located.

23.3 Time of Essence. Time is of the essence of this Agreement.

Handwritten initials for Buyer

Handwritten initials for Seller

23.4 Counterparts. This Agreement may be executed by Buyer and Seller in counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument. Escrow Holder, after verifying that the counterparts are identical except for the signatures, is authorized and instructed to combine the signed signature pages on one of the counterparts, which shall then constitute the Agreement.

23.5 Waiver of Jury Trial. THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING INVOLVING THE PROPERTY OR ARISING OUT OF THIS AGREEMENT.

23.6 Conflict. Any conflict between the printed provisions of this Agreement and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions. Seller and Buyer must initial any and all handwritten provisions.

23.7 1031 Exchange. Both Seller and Buyer agree to cooperate with each other in the event that either or both wish to participate in a 1031 exchange. Any party initiating an exchange shall bear all costs of such exchange. The cooperating Party shall not have any liability (special or otherwise) for damages to the exchanging Party in the event that the sale is delayed and/or that the sale otherwise fails to qualify as a 1031 exchange.

23.8 Days. Unless otherwise specifically indicated to the contrary, the word "days" as used in this Agreement shall mean and refer to calendar days.

24. Disclosures Regarding The Nature of a Real Estate Agency Relationship.

24.1 The Parties and Brokers agree that their relationship(s) shall be governed by the principles set forth in the applicable sections of the California Civil Code, as summarized in paragraph 24.2.

24.2 When entering into a discussion with a real estate agent regarding a real estate transaction, a Buyer or Seller should from the outset understand what type of agency relationship or representation it has with the agent or agents in the transaction. Buyer and Seller acknowledge being advised by the Brokers in this transaction, as follows:

(a) Seller's Agent. A Seller's agent under a listing agreement with the Seller acts as the agent for the Seller only. A Seller's agent or subagent has the following affirmative obligations: (1) To the Seller: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Seller. (2) To the Buyer and the Seller: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(b) Buyer's Agent. A selling agent can, with a Buyer's consent, agree to act as agent for the Buyer only. In these situations, the agent is not the Seller's agent, even if by agreement the agent may receive compensation for services rendered, either in full or in part from the Seller. An agent acting only for a Buyer has the following affirmative obligations: (1) To the Buyer: A fiduciary duty of utmost care, integrity, honesty, and loyalty in dealings with the Buyer. (2) To the Buyer and the Seller: a. Diligent exercise of reasonable skills and care in performance of the agent's duties. b. A duty of honest and fair dealing and good faith. c. A duty to disclose all facts known to the agent materially affecting the value or desirability of the property that are not known to, or within the diligent attention and observation of, the Parties. An agent is not obligated to reveal to either Party any confidential information obtained from the other Party which does not involve the affirmative duties set forth above.

(c) Agent Representing Both Seller and Buyer. A real estate agent, either acting directly or through one or more associate licenses, can legally be the agent of both the Seller and the Buyer in a transaction, but only with the knowledge and consent of both the Seller and the Buyer. (1) In a dual agency situation, the agent has the following affirmative obligations to both the Seller and the Buyer: a. A fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either Seller or the Buyer. b. Other duties to the Seller and the Buyer as stated above in their respective sections (a) or (b) of this paragraph 24.2. (2) In representing both Seller and Buyer, the agent may not without the express permission of the respective Party, disclose to the other Party that the Seller will accept a price less than the listing price or that the Buyer will pay a price greater than the price offered. (3) The above duties of the agent in a real estate transaction do not relieve a Seller or Buyer from the responsibility to protect their own interests. Buyer and Seller should carefully read all agreements to assure that they adequately express their understanding of the transaction. A real estate agent is a person qualified to advise about real estate. If legal or tax advice is desired, consult a competent professional.

(d) Further Disclosures. Throughout this transaction Buyer and Seller may receive more than one disclosure, depending upon the number of agents existing in the transaction. Buyer and Seller should each read its contents each time it is presented, considering the relationship between them and the real estate agent in this transaction and that disclosure. Buyer and Seller each acknowledge receipt of a disclosure of the possibility of multiple representation by the Broker representing that principal. This disclosure may be part of a listing agreement, buyer representation agreement or separate document. Buyer understands that Broker representing Buyer may also represent other potential buyers, who may consider, make offers on or ultimately acquire the Property. Seller understands that Broker representing Seller may also represent other sellers with competing properties that may be of interest to this Buyer. Brokers have no responsibility with respect to any default or breach hereof by either Party. The Parties agree that no lawsuit or other legal proceeding involving any breach of duty, error or omission relating to this transaction may be brought against Broker more than one year after the Date of Agreement and that the liability (including court costs and attorneys' fees), of any Broker with respect to any breach of duty, error or omission relating to this Agreement shall not exceed the fee received by such Broker pursuant to this Agreement; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

24.3 Confidential Information: Buyer and Seller agree to identify to Brokers as "Confidential" any communication or information given Brokers that is considered by such Party to be confidential.

25. Construction of Agreement. In construing this Agreement, all headings and titles are for the convenience of the Parties only and shall not be considered a part of this Agreement. Whenever required by the context, the singular shall include the plural and vice versa. This Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

26 Additional Provisions:

Additional provisions of this offer, if any, are as follows or are attached hereto by an addendum consisting of paragraphs _____ a through _____ b. (If there are no additional provisions write "NONE".)

a energy disclosure addendum is attached;

a. Ground Lease Extension: The Lessor for the current ground lease for the Property shall extend the term an additional 15 years under substantially similar terms and conditions of the current ground lease. Lessor shall also consent in writing to the assignment by Seller

of its interest under the said lease to Buyer at Closing, and shall provide an estoppel certificate at or prior to Closing as evidence that Seller is not in default of any of its obligations under such ground lease, and containing other customary landlord

representations in form and substance acceptable to Buyer.

b. Due Diligence / Inspection List: In addition to the items outlined in paragraph 9.1, the Seller shall within 3 days of the Date of Agreement provide: (i) financial records associated with the ground lease and tenant leases; (ii) all other contracts, covenants,

licenses, and restrictions affecting the Property; (iii) plans, permits and surveys pertaining to the Property; (iv) all engineering and architectural reports including, but not limited to, environmental reports, reports on the soils, roof, structural, electrical, mechanical, plumbing systems and seismic compliance of the Property; (v) Owner's Preliminary Title Report and copies of all underlying title documents.

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AIR COMMERCIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS AGREEMENT OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS AGREEMENT.


INITIALS


INITIALS

2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PROPERTY. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PROPERTY, THE INTEGRITY AND CONDITION OF ANY STRUCTURES AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PROPERTY FOR BUYER'S INTENDED USE.

WARNING: IF THE PROPERTY IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THIS AGREEMENT MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PROPERTY IS LOCATED.

NOTE:

1. THIS FORM IS NOT FOR USE IN CONNECTION WITH THE SALE OF RESIDENTIAL PROPERTY.
2. IF EITHER PARTY IS A CORPORATION, IT IS RECOMMENDED THAT THIS AGREEMENT BE SIGNED BY TWO CORPORATE OFFICERS.

The undersigned Buyer offers and agrees to buy the Property on the terms and conditions stated and acknowledges receipt of a copy hereof.
 BROKER: _____ BUYER: _____

N/A _____ Kenneth & Gayle Engelman or Assignee _____

 Attn: _____
 Title: _____
 Address: _____
 Telephone: () _____
 Facsimile: () _____
 Email: _____
 Federal ID No. _____
 Broker/Agent BRE License #: _____

 Name Printed: Kenneth Engelman
 Title: _____
 Telephone: () _____
 Facsimile: () _____
 Email: _____
 By: _____ 9/2/15
 Date: _____
 Name Printed: Gayle Engelman
 Title: _____
 Address: _____
 Telephone: () _____
 Facsimile: () _____
 Email: _____
 Federal ID No. _____

27. Acceptance.
- 27.1 Seller accepts the foregoing offer to purchase the Property and hereby agrees to sell the Property to Buyer on the terms and conditions therein specified.
- 27.2 Seller acknowledges that Brokers have been retained to locate a Buyer and are the procuring cause of the purchase and sale of the Property set forth in this Agreement. In consideration of real estate brokerage service rendered by Brokers, Seller agrees to pay Brokers a real estate Brokerage Fee in a sum equal to 3% of the Purchase Price to be divided between the Brokers, as follows: Seller's Broker _____% and Buyer's Broker _____%. This Agreement shall serve as an irrevocable instruction to Escrow Holder to pay such Brokerage Fee to Brokers out of the proceeds accruing to the account of Seller at the Closing.
- 27.3 Seller acknowledges receipt of a copy hereof and authorizes Brokers to deliver a signed copy to Buyer.

NOTE: A PROPERTY INFORMATION SHEET IS REQUIRED TO BE DELIVERED TO BUYER BY SELLER UNDER THIS AGREEMENT.

BROKER: _____ SELLER: _____

NAI San Diego & Bob Rohrbach _____ Quinn Aire, LLC _____

Attn: Mark Silverman & Bob Rohrbach _____
 Title: _____
 Address: 123 Camino de la Reina, Ste 200 S _____
 San Diego, CA 92108 _____
 Telephone: (619) 497-2255 _____
 Facsimile: (619) 497-2265 _____
 Email: msilverman@naisandiego.com _____
 Federal ID No: rrohrbach@san_rr.com _____
 Broker/Agent BRE License #: _____

 By: _____
 Date: _____
 Name Printed: Richard Thompson
 Title: Manager
 Telephone: (650) 614-5800
 Facsimile: (650) 400-6002
 Email: _____
 By: _____
 Date: _____
 Name Printed: _____
 Title: _____
 Address: P.O. Box 1029
 Menlo Park, CA 94026
 Telephone: () _____
 Facsimile: () _____
 Email: _____
 Federal ID No.: _____

NOTICE: These forms are often modified to meet changing requirements of law and industry needs. Always write or call to make sure you are utilizing the most current form: AIR Commercial Real Estate Association, 500 N Brand Blvd, Suite 900, Glendale, CA 91203. Telephone No. (213) 887-8777. Fax No.: (213) 887-8816.

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 INITIALS

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INITIALS

PAGE 9 OF 9


INITIALS

ATTACHMENT E
LEASE AND AMENDMENTS
(behind this page)

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

728



FROM: Economic Development Agency

SUBMITTAL DATE:
March 3, 2011

SUBJECT: Consent to Assignment, French Valley Airport

RECOMMENDED MOTION: That the Board of Supervisors:

1. Consent to the Assignment dated January 15, 2011, French Valley Holdings, LLC, as Assignor, to Quinn Aire, LLC, as Assignee;
2. Authorize the Chairman of the Board to execute the Consent to Assignment ; and
3. Authorize the Assistant County Executive Officer/EDA, or designee, to execute any additional documents required by the Assignment.

BACKGROUND: (Commences on Page 2)

Robert Field

Robert Field
Assistant County Executive Officer/EDA

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	Yes
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	No
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2010/11

COMPANION ITEM ON BOARD OF DIRECTORS AGENDA: No

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION: APPROVE

BY: *Jennifer L. Sargent*
Jennifer L. Sargent

County Executive Office Signature

FORM APPROVED COUNTY COUNSEL
 BY: *Janita C. Willis*
 JANITA C. WILLIS
 DATE: 2-23-11
 Departmental Concurrence

Dep't Recomm.: Consent
 Per Exec. Ofc.: Consent
 Policy
 Policy

Prev. Agn. Ref.: 3.21 of 12/16/08; 3.19 of 7/25/06; 3.7 of 12/13/05;
3.14 of 10/21/03; 3.20 of 6/4/02

District: 3

Agenda Number:

3.25

ATTACHMENTS FILED
WITH THE CLERK OF THE BOARD

BACKGROUND:

The Economic Development Agency has received an assignment, dated January 15, 2011, between French Valley Holdings, LLC, as Assignor, and Quinn Aire, LLC, as Assignee.

The sublease is under a three acre ground lease dated May 14, 2002, and that certain lease was approved by the Board of Supervisors of the County of Riverside on June 4, 2002, and subsequently amended by First Amendment to Lease approved by the Board of Supervisors of the County of Riverside on October 21, 2003, by Second Amendment to Lease approved by the Board of Supervisors of the County of Riverside on December 13, 2005, by Third Amendment to Lease approved by the Board of Supervisors of the County of Riverside on July 25, 2006, and Fourth Amendment to Lease approved by the Board of Supervisors of the County of Riverside on December 16, 2008, which Fourth Amendment to Lease reduced the premises leased to 1.5 acres of land, including improvements located at the French Valley Airport, County of Riverside, State of California, a true and correct copy of said lease and amendments are attached hereto collectively as Exhibit "A". A memorandum of the lease was recorded with the County Recorder of Riverside County, State of California, on May 3, 2004, as Document No. 2004-0324499.

The Economic Development Agency recommends that the Board of Supervisors consent to the assignment and approve the sublease. County Counsel has reviewed and approved the attached documents as to legal form.

CONSENT TO ASSIGNMENT

The County of Riverside (Lessor) hereby consents to the foregoing Assignment dated January 15, 2011, from FRENCH VALLEY HOLDINGS, LLC, a California limited liability company (Assignor), to QUINN AIRE, LLC, a California limited liability company (Assignee), of all of Assignor's right, title and interest in and to that certain Lease approved by the Board of Supervisors of the County of Riverside on June 4, 2002, as subsequently amended by (i) First Amendment to Lease approved by the Board of Supervisors of the County of Riverside on October 21, 2003, (ii) Second Amendment to Lease approved by the Board of Supervisors of the County of Riverside on December 13, 2005, (iii) Third Amendment to Lease approved by the Board of Supervisors of the County of Riverside on July 25, 2006, and (iv) Fourth Amendment to Lease approved by the Board of Directors of the County of Riverside on December 1, 2008, which Fourth Amendment to Lease reduced the premises leased by the undersigned to 1.5 acres of land, including improvements located at the French Valley Airport, County of Riverside, State of California.

Notwithstanding the above, the County of Riverside does not hereby waive the restrictions contained in the above-referenced Lease with respect to any future assignments thereunder, and does not hereby release Assignor from any obligations that are not performed by Assignee, but otherwise accepts Assignee as Lessee for all intents and purposes as though Assignee was the original Lessee.

Date: _____

COUNTY OF RIVERSIDE
Master Lessor

By: _____
Chairman of the Board of Supervisors

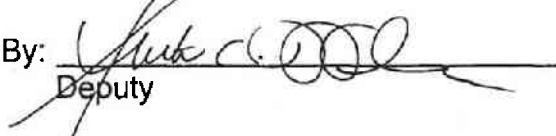
ATTEST:

FORM APPROVED:

Clerk of the Board

County Counsel

By: _____
Deputy

By: 
Deputy

ASSIGNMENT

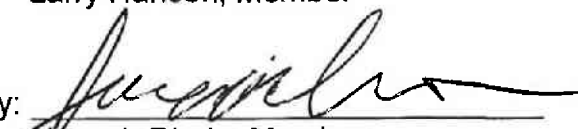
FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the undersigned, FRENCH VALLEY HOLDINGS, LLC, a California limited liability company, hereby transfers and assigns to QUINN AIRE, LLC, a California limited liability company, all its rights, title and interest under that certain unrecorded Lease approved by the Board of Supervisors of the County of Riverside on June 4, 2002, and amended by (i) First Amendment to Lease approved by the Board of Supervisors of the County of Riverside on October 21, 2003; (ii) Second Amendment to Lease approved by the Board of Supervisors of the County of Riverside on December 13, 2005; (iii) Third Amendment to Lease approved by the Board of Supervisors of the County of Riverside on July 25, 2006; and (iv) Fourth Amendment to Lease approved by the Board of Supervisors of the County of Riverside on December 1, 2008, which Fourth Amendment to Lease reduced the premises leased by the undersigned to 1.5 acres of land, including improvements located at the French Valley Airport, County of Riverside, State of California, a true and correct copy of said Lease and Amendments are attached hereto collectively as Exhibit "A." A memorandum of said lease was recorded with the County Recorder of Riverside County, State of California, on May 3, 2004, as Document No. 2004-0324499. The execution of this Assignment and the transfer of all rights, title and interest herein are contingent upon the acceptance and approval by the Riverside County Board of Supervisors.

FRENCH VALLEY HOLDINGS, LLC,
a California limited liability company

Dated: January 15, 2011

By: 
Larry Hansen, Member

Dated: January 15, 2011

By: 
Joseph Diorio, Member

[SEE NEXT PAGE FOR ACCEPTANCE AND AGREEMENT]


ACCEPTANCE AND AGREEMENT

QUINN AIRE, LLC, a California limited liability company, named in the foregoing Assignment, hereby accepts said Assignment and hereby agrees to keep, perform and be bound by all of the terms, covenants and conditions in said Lease and Amendments on the part of the Lessee therein to be kept and performed to all intents and purposes as though the undersigned Assignee was the original Lessee thereunder.

Dated: January 18, 2011

QUINN AIRE, LLC,
a California limited liability company

By: _____


Richard L. Thompson
Manager

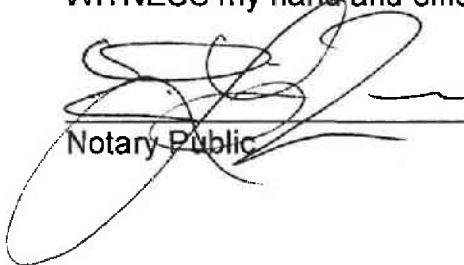
ACKNOWLEDGMENTS

STATE OF CALIFORNIA)
) ss.
COUNTY OF Riverside)

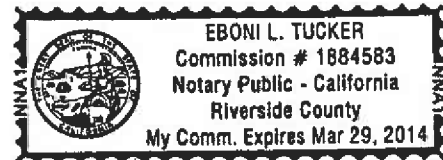
On January 15, 2011, before me, Eboni L. Tucker,
Notary Public, personally appeared LARRY HANSEN, who proved to me on the
basis of satisfactory evidence to be the person whose name is subscribed to the
within instrument and acknowledged to me that he executed the same in his
authorized capacity, and that by his signature on the instrument the person, or
the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of
California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal



Notary Public

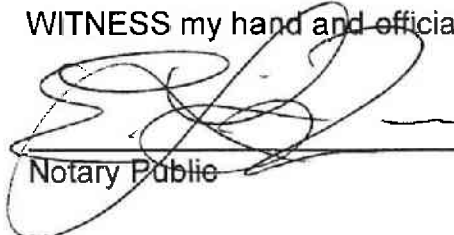


STATE OF CALIFORNIA)
) ss.
COUNTY OF Riverside)

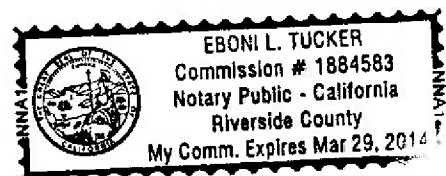
On January 15, 2011, before me, Eboni L. Tucker,
Notary Public, personally appeared JOSEPH DIORIO, who proved to me on the
basis of satisfactory evidence to be the person whose name is subscribed to the
within instrument and acknowledged to me that he executed the same in his
authorized capacity, and that by his signature on the instrument the person, or
the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of
California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal



Notary Public



STATE OF CALIFORNIA)
COUNTY OF Santa Clara) ss.

On January 13, 2011, before me, William E. Bucy
Notary Public, personally appeared RICHARD L. THOMPSON, who proved to
me on the basis of satisfactory evidence to be the person whose name is
subscribed to the within instrument and acknowledged to me that he executed
the same in his authorized capacity, and that by his signature on the instrument
the person, or the entity upon behalf of which the person acted, executed the
instrument.

I certify under PENALTY OF PERJURY under the laws of the State of
California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal

William E. Bucy
Notary Public

LEASE

French Valley Airport

The COUNTY OF RIVERSIDE, herein called County, leases to MACH I Air Charter, Inc., a Delaware Corporation, herein called Lessee, the property described below under the following terms and conditions:

1. Recitals.

(a) County owns approximately one and one half (1.5) acres of land at the French Valley Airport, County of Riverside, California. County desires to lease said property to Lessee for the construction of an aircraft hangar and related office space.

(b) Lessee desires to lease said property from the County, for the construction of an aircraft hangar and related office space as well as have a option to lease an additional 1.5 acres of improved tie-down space adjacent to the original leasehold.

(c) Lessee must exercise the option to expand the original 1.5 acre leasehold boundary, totaling 3 acres, by the Certificate of Occupancy issuance date.

(d) In the event Lessee fails to exercise the option to expand the leasehold from 1.5 acres to 3 acres, by the time period listed above in paragraph 1c, Lessee will not acquire the rights as a full service FBO.

2. Description. The premises leased hereby are located within the French Valley Airport, County of Riverside, California, and consist of approximately 65,340 square feet of vacant land and Lessee shall have the option to lease an additional 1.5 acre of improved ramp space, further discussed in paragraph 5 below and being legally described in Exhibit "A," attached hereto and incorporated by reference herein. Said property is hereafter referred to as the "Leased Premises."

3. Term. This lease shall commence the first day of the month following execution by all parties thereto and terminate thirty (30) years thereafter, term of thirty (30) years.

(a) Any holding over by the Lessee after the expiration of this Lease

1 Lessee.

2 (b) With respect to the Leased Premises and subject to the provisions of
3 paragraphs 5, 8, 10, 16, and 17 hereof, and provided that the Lessee, at the time of
4 exercising of the option, is in full compliance with the terms of this Lease, the Lessee shall
5 have the option to extend this Lease for a period of ten (10) years.

6 4. Use.

7 (a) If Lessee meets the Minimum Standards for operating an FBO, the
8 Leased Premises may be leased hereby for the following purposes:

- 9 (1) Sale, retail or wholesale or both, of new and used aircraft,
10 aircraft parts and accessories, including instruments and
11 engines and electronic devices, aircraft fuels and lubricants,
12 airman's navigational and personal supplies and accessories;
13 (2) All flight operations, including, but not limited to, flight training,
14 demonstration of aircraft for sale, charter and air taxi, and flight
15 testing of aircraft following manufacturing or major modification
16 or both;
17 (3) Building, maintenance, repairs, overhaul and modification of all
18 types of aircraft, aircraft engines, airframes, automatic flight
19 systems, instruments, radio and other electronic equipment,
20 propellers and all other aircraft components;
1 (4) Painting and upholstering of aircraft;
2 (5) Financing, leasing, renting and insuring of aircraft;
3 (6) Servicing of aircraft for the purpose of fueling, supplying
4 engine oil and other necessary lubricants and aircraft fluids,
5 checking tire pressures, providing starting units and battery
6 boosters and any other service usually associated with aircraft
7 servicing operations;
8 (7) Providing aircraft storage inside hangar buildings and on

1 outside tie-down areas;

- 2 (8) Providing general office space for rent or lease;
- 3 (9) Providing ground school instruction associated with flight
4 training;
- 5 (10) Providing a well furnished pilot's lounge area;
- 6 (11) Leasing or renting of automobiles, and storing and sale of
7 automotive fuel and lubricants for use only in connection with
8 Lessee's equipment and rental automobiles; and
- 9 (12) Providing a restaurant or café for the purpose of providing
10 meals and beverages to the general public.

11 (b) In the event Lessee fails to execute the option to increase the
12 Leasehold size to 3 acres, thus meeting the Minimum Standard for an FBO, the Lessee
13 agrees to operate the Leasehold as a Limited Fixed Based Operation. The rights
14 restrictions and obligations of Lease tenants are described in the Minimum Standards
15 attached hereto in Exhibit "B". These Minimum Standards may be altered from time to time
16 to maintain compliance with FAA regulations.

17 (c) The leased premises shall not be used for any purpose other than in
18 paragraph 4(a) and 4(b) without first obtaining the written consent of County, which
19 consent shall not be unreasonably withheld.

20 5. Rent.

21 (a) Commencing after the construction rate reduction period, as referred
22 to below in 5(b), Lessee shall pay to Lessor as base rent for the use and occupancy of the
23 Leased Premises, monthly rent equal to one thousand one hundred twenty five dollars
24 (\$1,125.00). Said rent is due and payable in advance on the first of each month. If Lessee
25 exercises the option to expand the leasehold to 3 acres, the monthly rent after the
26 construction rate reduction period shall be two thousand two hundred fifty dollars
27 (\$2,250.00). In the event Lessee fails to execute the option described above in paragraph
28 1(b), 1(c), and 1(d), the rent will be predicated upon a 1.5 acre Leasehold.

1 (b) During construction of the leased premises, Lessee shall pay a
2 monthly rent equal to five hundred sixty two dollars fifty cents (\$562.50), not to exceed
3 twelve (12) months from the date of Lease execution by all parties. Rent shall then be paid
4 as described in paragraph 5(a) above.

5 (c) In addition to the basic rent required herein, and in the event that
6 Lessee dispenses fuel, Lessee shall pay to the County a fuel flowage fee or cause such
7 fee to be paid to County as hereinafter provided, in an amount equal to five percent (5%)
8 of the total net price paid by Lessee for all aviation and automotive fuel and lubricants
9 received on the leased premises by Lessee. The term "total net price" shall mean the net
10 price per unit of such fuel and lubricants, excluding taxes, shipping, and other related costs
11 imposed thereon by any government or agency thereof, multiplied by the total number of
12 units of such fuel and lubricants received. Lessee reserves the right of selecting its own
13 fuel and lubricant suppliers, and Lessee's agreement with any such suppliers may contain
14 a provision therein obligating such suppliers to submit a duplicate invoice for any fuel and
15 lubricant deliveries made to Lessee within thirty (30) days following each such delivery, and
16 such agreement may contain a provision therein obligating such suppliers to submit
17 payment to County in connection therewith. Such invoice shall indicate the type of products
18 delivered, the date of delivery, the quantity delivered, the per unit cost and the total
19 extended cost, and the invoice number. In the event such agreement does not contain a
20 provision for either submission of invoices or payment to County, Lessee shall be obligated
21 to submit such invoice or payments to County, or both if applicable. In the event such
22 agreement contains such provisions and the supplier fails, or refuses, to properly and
23 timely submit any invoices to County, or submit any payments if required to do so, Lessee,
24 upon County's written request, shall make a separate accounting of such fuel and lubricant
25 deliveries or submit payment to County in connection therewith, or both. Notwithstanding
26 provisions of this Paragraph 5 (c), upon written request from County, Lessee shall make
27 a separate accounting of such fuel and lubricant deliveries.

8 (d) Beginning July 1, 2005, and every fifth (5th) year thereafter, the basic

1 monthly rent shall be one-twelfth (1/12) of eight percent (8%) of the appraised fair market
2 land value, excluding Lessee's improvements. A property appraisal for this purpose is to
3 be performed by an independent certified appraiser, mutually acceptable to County and
4 Lessee, knowledgeable in aviation appraising, in good standing with the American Institute
5 of Real Estate Appraisers and to be procured by the County. Once established, said land
6 rent shall be adjusted annually in the manner set forth in Paragraph 5 (e) below.

7 (e) Consumer Price Index. Beginning July 1, 2003 and at each July 1st
8 thereafter, except for dates coinciding with the appraisals conducted every fifth year as
9 referenced in 5(d) above, the rent shall be adjusted by the percentage change, in the CPI,
10 All Urban Consumers, LA-Anaheim Area for the twelve month period ending two months
11 before the month of rent adjustment under this paragraph. In no event will application of
12 this paragraph result in a monthly rental amount lower than the most previous monthly
13 rental amount.

14 6. Additional Obligations of Lessee. Lessee shall, during the term of this Lease
15 and any extensions thereof:

16 (a) Observe and obey, and compel its employees, agents, invitees
17 and those doing business with it to observe and obey all such rules and regulations of
18 County which are now in effect or which may hereafter be promulgated; provided that such
19 rules and regulations may not unduly interfere or conflict with the rights and privileges
20 granted to Lessee in this amendment or any later amendments.

21 (b) Employ and maintain on the leased premises sufficient personnel who
22 are trained and skilled in order to competently perform the tasks related to the services
23 being offered.

24 (c) Operate the leased premises and perform services for the use
25 and benefit of the general public without discrimination on the grounds of race, religion,
26 color or national origin or in any manner prohibited by Part 15 of the Federal Aviation
27 Administration Regulations.

28 (d) Operate the leased premises and the facilities thereon in a

1 progressive and efficient manner, charging fair and reasonable prices for each unit or
2 service, said prices being competitive with prices charged by other fixed based operators
3 in the Southern California area. Upon request from County, Lessee shall furnish County
4 with a schedule of all prices for each unit or service offered for sale or lease to the general
5 public.

6 (e) Provide janitorial services at its own expense.

7 Additional Obligations of the FBO Provider are as follows:

8 (f) Provide fueling and standardized services to the general public seven
9 (7) days per week during the term of this lease on a minimum hourly basis each day from
10 8:00 A.M., local time, to 5:00 P.M., local time. Any changes relative to such minimum
11 hourly schedule shall not be made by Lessee unless approval is first obtained from County
12 in writing.

13 (g) Provide for transient aircraft parking guidance, positioning of
14 wheel chocks and tie-downs, fire guard for engine starts (upon request from aircraft
15 operators) and baggage handling on a routine and reasonable basis.

16 (h) Have available and provide, as needed, standardized ground
17 service equipment for aircraft weighing twelve thousand five hundred (12,500) pounds or
18 less gross weight. Service equipment shall include, but not be limited to, wheel chocks,
19 tie-down ropes or chains, aircraft jacks, tow bars, auxiliary power units and aircraft tugs on
20 a routine and reasonable basis.

1 (i) Not engage in the painting of aircraft (other than small "spot
2 painting" jobs in connection with repairs) within any buildings unless, or until, it has
3 established therein a regular paint shop which is adequately enclosed and vented, and has
4 been inspected and approved, in writing, by representatives of the Federal Aviation
5 Administration and County's Fire and Building and Safety Departments, and all applicable
6 permits have been obtained.

7 (j) Maintain a comfortable, well furnished pilot's lounge and clean,
8 sanitary restroom facilities for both men and women. Such restroom facilities shall be

1 properly and continuously supplied with soap, towels toilet tissue and any other supplies
2 required by state, federal or local laws and ordinances.

3 (k) Provide aviation fuel and lubricants for both piston and jet engine
4 aircraft for sale to the general public, unless Lessee is precluded from providing such fuel
5 and lubricants due to causes beyond its control relating to its suppliers' fuel shortages,
6 work stoppages (excluding Lessee's employment force), acts of God, acts of war, civil
7 disorders or other similar acts.

8 (l) The Lessee shall observe the Taxiway Object Free Area adjacent to
9 their leasehold to allow the passage of taxing aircraft. The Taxiway Object Free Area
10 boundary for Taxiway A is one hundred ten (110) feet from the center line of the taxiway.

11 7. Permits, Licenses and Taxes. Lessee shall secure, at its expense, all
12 necessary permits and licenses as it may be required to obtain, and Lessee shall pay all
13 fees and taxes levied or required by any authorized public entity. Lessee recognizes and
14 understands that this lease may create a possessory interest subject to property taxation
15 and that Lessee may be subject to the payment of property taxes levied on such interest.

16 8. On-Site Improvements.

17 (a) Lessee, at its expense, shall construct, or cause to be constructed the
18 following improvements:

19 (1) Within two months of lease execution, Lessee shall submit a
20 plot plan to the Economic Development Agency showing the location and dimensions of
21 all planned improvements. Upon approval of the layout by the Economic Development
22 Agency, Lessee shall submit to the County for building permits. Construction of said
23 improvements shall commence within sixty (60) days after the County approves building
24 permits and be completed within fifteen (15) months of lease execution. Lessee shall
25 obtain performance, material and labor payment bonds in the amounts required by law and
26 determined by County and shall furnish County with copies thereof prior to the
27 commencement of such construction.

(b) All improvements to be at lessees sole cost. Lessee shall pay for

1 construction of any required utility extensions and hookups and any access road
2 improvements. Lessee shall pay for all drainage improvements required to comply with
3 French Valley Airport Master Drainage Plan. This Lease is subject to the provisions set
4 forth in Exhibit "B", attached hereto and by this reference made apart of this Lease. All
5 improvements to be submitted to County for approval prior to start of any construction.

6 (c) Any improvements, alterations and installation of fixtures, to be
7 undertaken by Lessee, shall have the prior written approval of the Economic Development
8 Agency after Lessee has submitted to County proposed plot and building plans, and
9 specifications therefore, in writing. In addition, Lessee understands and agrees that such
10 improvements, alterations and installation of fixtures may be subject to County Ordinance
11 Nos. 348 and 457, as well as other applicable County ordinances, and that Lessee shall
12 fully comply with such ordinances prior to the commencement of any construction in
13 connection therewith.

14 (e) All improvements, alterations and fixtures, shall remain or become as
15 the case may be, the property of County with the exception of trade fixtures as that term
16 is used in Section 1019 of the Civil Code; provided, however, that Lessee shall have the
17 full and exclusive use and enjoyment of such improvements, alterations and fixtures during
18 the term of this lease. At or prior to the expiration of this lease, Lessee shall remove, at its
19 expense, such trade fixtures and restore said leased premises to their original shape and
20 condition as nearly as practicable. In the event Lessee does not so remove such trade
1 fixtures, they shall become the property of the County for no further consideration of any
2 kind and Lessee shall execute any documents that may be required or necessitated
3 conveying its interest in such improvements, alterations and fixtures to County.

4 9. Off-Site Improvements

5 (a) County and Lessee herein acknowledge that Lessee has no fee title
6 interest in or to the Leased Premises.

7 (b) It is understood by the parties hereto that utility services are available
8 in the general vicinity of the leased premises, but in order for the on-site improvements

1 required in Paragraph 7 herein to be fully usable and operational, Lessee, at its expense,
2 shall extend and/or connect, or cause to be extended and/or connected, to any utility
3 service facilities that may be required or desired by Lessee in the use, operation and
4 maintenance of such on-site improvements. After such extensions and/or connections
5 have been made, Lessee shall be responsible for payment of the use of such utility
6 services, without limitation, all electricity, gas, telephone, water and sewer.

7 if necessary, County shall grant right-of-way utility easements to the Lessee for telephone
8 and/or electricity improvements. After such extensions and/or connections have been
9 made, Lessee shall be responsible for payment of the use of any utility services, without
10 limitation, all electricity, gas, telephone and water.

11 (c) Lessee shall obtain, or cause to be obtained performance, material
12 and labor, and payment bonds in the amounts required by law and determined by County
13 and shall furnish County with copies thereof prior to the commencement of such off-site
14 improvements.

15 10. Additional Obligations of Lessee. The Lessee shall maintain the Leased
16 Premises, approaches thereto, and improvements now or hereafter located thereon, in
17 good and sanitary order, condition, and repair, and upon any termination of this Lease,
18 Lessee agrees to surrender said Leased Premises and improvements thereon in such
19 condition, reasonable use and wear thereof and damages by fire, acts of God, war, civil
20 insurrection, or by the elements excepted.

1 11. Compliance with Law. Lessee shall, at its sole cost and expense, comply
2 with all of the requirements of all governmental agencies now in force, or which may
3 hereafter be in force, pertaining to the Leased Premises, and any improvements hereafter
4 constructed or maintained thereon, and Lessee shall faithfully observe all ordinances now
5 or hereafter in force in the use of the Leased Premises.

6 12. County's Reserved Rights.

(a) The leased premises are accepted by Lessee subject to any and all
existing easements or other encumbrances, and County shall have the right to enter upon

1 the leased premises and to install, lay, construct, maintain, repair and operate such
2 sanitary sewers, drains, storm water sewers, pipelines, manholes, connections, water, oil
3 and gas pipelines, and telephone and telegraph power lines and such other facilities and
4 appurtenances necessary or convenient to use in connection therewith, over, in, upon,
5 through, across and along the leased premises or any part thereof. County also reserves
6 the right to grant franchises, easements, rights of way and permits in, over and upon, along
7 or across any and all portions of said leased premises as County may elect; provided,
8 however, that no right of the County provided for in this paragraph shall be so executed as
9 to interfere unreasonably with Lessee's use hereunder, or impair the security of any
10 secured creditor of Lessee. County shall cause the surface of the leased premises to be
11 restored to its original condition (as they existed prior to any such entry) upon the
12 completion of any construction by County or its agents. In the event such construction
13 renders any portion of the leased premises unusable, the rent shall abate pro rata as to
14 such unusable portion during the period of such construction. Any right of County set forth
15 in this paragraph shall not be exercised unless a prior written notice of thirty (30) days is
16 given to Lessee; provided, however, in the event such right must be exercised by reason
17 of emergency, then County shall give Lessee such notice in writing as is reasonable under
18 the existing circumstances.

19 (b) County reserves the right to further develop or improve the aircraft
20 operating area of French Valley Airport as it deems appropriate. County reserves the right
1 to take any action it considers necessary to protect the aerial approaches of the French
2 Valley Airport against obstruction, together with the right to prevent Lessee from erecting
3 or permitting to be erected, any building or other structure on the French Valley Airport,
4 which in the opinion of county, would limit the usefulness of the French Valley Airport or
5 constitute a hazard to aircraft.

6 (c) During the time of war or national emergency, County shall have the
7 right to lease the landing area of the French Valley Airport, or any part thereof, to the
8 United States Government for military use and, if such lease is executed, the provisions

1 of this lease insofar as they are inconsistent with the provisions of such lease to the
2 Government, shall be suspended. In that event, a just and proportionate part of the rent
3 hereunder shall be abated, and the period of such closure shall be added to the term of
4 this lease, or any extensions thereof, so as to extend and postpone the expiration thereof
5 unless Lessee otherwise elects to terminate this lease.

6 (d) Notwithstanding any provisions herein, this lease shall be subordinate
7 to the provisions of any existing or future agreement between County and the United
8 States, relative to the operation or maintenance of the French Valley Airport, the terms and
9 execution of which have been or may be required as a condition precedent to the
10 expenditure or reimbursement to County of Federal funds for the development of said
11 airport.

12 (e) This lease is subject to the provisions set forth in Exhibit "C"
13 (Federally Required Lease Provisions), attached hereto and by this reference made a part
14 of this lease.

15 13. Inspection of Premises. County, through its duly authorized agents, shall
16 have, at any time during normal business hours, the right to enter the leased premises for
17 the purpose of inspecting, monitoring and evaluating the obligations of Lessee hereunder
18 and for the purpose of doing any and all things which it is obligated and has a right to do
19 under this lease.

20 14. Quiet Enjoyment. Lessee shall have, hold and quietly enjoy the use the
21 leased premises so long as lessee shall fully and faithfully perform the terms and
2 conditions that the lessee is required to do under this lease.

3 15. Compliance with Government Regulations. Lessee shall, at Lessee's sole
4 cost and expense, comply with the requirements of all local, state and federal statutes,
5 regulations, rules, ordinances and orders now in force or which may be hereafter in force,
6 pertaining to the leased premises. The final judgment, decree or order of any Court of
7 competent jurisdiction, or the admission of Lessee in any action or proceedings against
8 Lessee, whether Lessee be a party thereto or not, that Lessee has violated any such

1 statutes, regulations, rules, ordinances, or orders, in the use of the leased premises, shall
2 be conclusive of that fact as between County and Lessee.

3 16. Discrimination or Segregation.

4 (a) Lessee shall not discriminate in Lessee's recruiting, hiring, promotion,
5 demotion or termination practice on the basis of race, religious creed, color, national origin,
6 ancestry, sex, age, physical handicap, medical condition or marital status with respect to
7 its use of the leased premises hereunder, and Lessee shall comply with the provisions of
8 the California Fair Employment and Housing Act (Government Code Sections 12900 et
9 seq.), the Federal Civil Rights Act of 1964 (P.L. 88-352), and all amendments thereto,
10 Executive Order No. 11246 (30 Federal Register 12319), as amended, and all
11 Administrative Rules and Regulations issued pursuant to said Acts and orders with respect
12 to its use of the leased premises.

13 (b) Lessee shall not discriminate against or cause the segregation of any
14 person or group of persons on account of race, religious creed, color, national origin,
15 ancestry, sex, age, physical handicap, medical condition or marital status, in the
16 occupancy, use, tenure or enjoyment of the leased premises, nor shall Lessee, or any
17 person claiming under or through Lessee, establish or permit any such practice or
18 practices of discrimination or segregation with reference to the selection, location, number,
19 use or occupancy of any persons within the leased premises.

0 (c) Lessee assures that it will undertake an affirmative action program as
1 required by 49 CFR, Part 21, to insure that no person shall on the grounds of race, creed,
2 color, national origin, or sex be excluded from participating in any employment activities
3 covered in 49 CFR, Part 21, with respect to its use of the leased premises. Lessee further
4 assures that no person shall be excluded on these grounds from participating in or
5 receiving services or benefits of any program or activity covered herein with respect to its
6 use of the leased premises. Lessee further assures that it will require that its
7 subcontractors and independent contractors provide assurance to Lessee that they
8 similarly will undertake affirmative action programs and that they will require assurances

1 from their subcontractors and independent contractors, as required by 49 CFR, Part 21,
2 to the same effect with respect to their use of the leased premises.

3 17. Termination by County. County shall have the right to terminate this lease
4 on 30 days written notice served on Lessee, provided Lessee has not cured or taken
5 affirmative steps to cure the default within said 30 days:

6 (a) In the event a petition is filed for voluntary or involuntary bankruptcy
7 for the adjudication of Lessee as debtors.

8 (b) In the event that Lessee makes a general assignment, or Lessee's
9 interest hereunder is assigned involuntarily or by operation of law, for the benefit of
10 creditors.

11 (c) In the event of abandonment of the leased premises by Lessee.

12 (d) In the event Lessee fails or refuses to perform, keep or observe any
13 of Lessee's duties or obligations hereunder; provided, however, that Lessee shall have
14 thirty (30) days in which to correct Lessee's breach or default after written notice thereof
15 has been served on Lessee by County.

16 (e) In the event Lessee fails, or refuses, to meet its rental obligations, or
17 any of them, hereunder or as otherwise provided by law.

18 (f) Failure of Lessee to maintain insurance coverage required herein and
19 to provide evidence of coverage to the County.

0 18. Termination by Lessee(s). Lessee shall have the right to terminate this lease
1 in the event County fails to perform, keep, or observe any of its duties or obligations
2 hereunder; provided, however, that County shall have thirty (30) days in which to correct
3 its breach or default after written notice thereof has been served on it by Lessee; provided,
4 further, however, that in the event such breach or default is not corrected, Lessee may
5 elect to terminate this lease in its entirety or as to any portion of the premises affected
6 thereby, and such election shall be given by an additional thirty (30) day written notice to
7 County.

8 19. Eminent Domain. If any portion of the leased premises shall be taken by

1 eminent domain and a portion thereof remains which is usable by Lessee for the purposes
2 set forth in Paragraph 4 herein, this lease shall, as to the part taken, terminate as of the
3 date title shall vest in the condemnor, or the date prejudgment possession is obtained
4 through a court of competent jurisdiction, whichever is earlier, and the rent payable
5 hereunder shall abate pro rata as to the part taken; provided, however, in such event
6 County reserves the right to terminate this lease as of the date when title to the part taken
7 vests in the condemnor or as of such date of prejudgment possession. If all of the leased
8 premises are taken by eminent domain, or such part be taken so that the leased premises
9 are rendered unusable for the purposes set forth in Paragraph 4 herein, this lease shall
10 terminate. If a part or all of the leased premises be so taken, all compensation awarded
11 upon such taking shall be apportioned between County and lessee according to law.

12 20. Indemnity. The Lessee covenants to hold County harmless from any and All
13 loss, claims, or damages resulting from Lessee's violation of any term, provision, covenant,
14 or condition of this lease, or the use, misuse, or neglect of said Leased Premises,
15 improvements, and appurtenances, and from all claims arising out of any alleged defective
16 or unsafe condition thereof, except with respect to any claims arising out of the conduct of
17 County. County shall not be liable to Lessee, nor to any other person or entity, for any
18 damage or injury occasioned by any defect in the Leased Premises, its improvements, or
19 appurtenances. Without limiting or qualifying the foregoing, it is agreed that Lessee shall
20 notify County immediately in writing, of any damage or injury to the Leased Premises, its
1 improvements, or to any appurtenances, or to the sidewalk or curb abutting thereon, or as
2 to any other condition which may expose the Lessee or County to public liability. The use
3 of the term Lessee and County in this paragraph also includes their tenants, employees,
4 agents, representatives, and invitees.

5 21. Insurance. Lessee shall procure and maintain or cause to be maintained, at
6 its sole cost and expense, the following insurance coverages during the term of this Lease.
7 The procurement and maintenance of the insurance required below will not diminish or limit
8 Lessee's obligation to indemnify or hold the County harmless.

1 I. Workers Compensation

2 Workers Compensation Insurance (Coverage A) as prescribed by the laws
3 of the State of California. Policy shall include Employers' Liability (Coverage
4 B) including Occupational Disease with limits not less than \$1,000,000 per
5 person per accident. Policy shall be endorsed, if applicable, to provide a
6 Borrowed Servant/Alternate Employer Endorsement and Waiver of
7 Subrogation in favor of the County of Riverside, Special Districts, Directors,
8 Officers, Board of Supervisors, elected officials, employees, agents and
9 representatives.

10 II. Airport Commercial General Liability

11 Airport Commercial General Liability insurance coverage, including but not
12 limited to, premises liability, contractual liability, products and completed
13 operations, contingent liability, personal and advertising injury and, if liquor
14 is sold, liquor law liability covering claims which may arise from or out of
15 Lessee's performance of its obligations hereunder. Policy shall name the
16 County of Riverside, Special Districts, Directors, Officers, Board of
17 Supervisors, elected officials, employees, agents and representatives as
18 Additional Insureds. Policy's limit of liability shall not be less than \$3,000,000
19 per occurrence combined single limit and \$300,000 in the aggregate. If such
20 insurance contains a general aggregate limit, it shall apply separately to this
21 agreement or be no less than two (2) times the occurrence limit. Such
22 insurance will include Medical Payments for a limit of \$5,000 and Fire Legal
23 Liability for a limit of \$300,000.

24 III. Vehicle Liability

25 If Lessee's vehicles or mobile equipment are used in the performance of the
26 obligations under this Lease, then Lessee shall maintain liability insurance
27 for all owned, non-owned or hired vehicles so used in an amount not less
28 than \$1,000,000 per occurrence combined single limit. Policy shall name the

1 County of Riverside, Special Districts, Directors, Officers, Board of
2 Supervisors, elected officials, employees, agents and representatives as
3 Additional Insureds. This coverage may be included in the Airport
4 Commercial General Liability policy.

5 IV. Aircraft Hull and Liability Insurance

6 Aircraft Hull for the full replacement value of all aircraft stored by the Lessee
7 in the Leased Premises and the contents thereof. Policy will be endorsed to
8 include the County of Riverside, Special Districts, Directors, Officers, Elected
9 Officials, employees, agents and representatives as Additional Insureds.
10 Lessee may elect to self-insure or un-insure the hull portion of the coverage
11 required herein; however, if Lessee elects not to acquire commercial
12 insurance for the hull, Lessee agrees to hold the County of Riverside
13 harmless and not make any claim against the County of Riverside for loss or
14 damage to the hull of his aircraft for any reason whatsoever regardless of
15 any negligence of the County that may have contributed to said loss or
16 damage. Aircraft Liability Coverage and commercial general liability
17 insurance including, but not limited to, premises liability and contractual
18 liability with a limit of liability for bodily injury (including death) and property
19 damage of at least \$1,000,000 with a per seat limit of not less than
20 \$100,000. Coverage will apply to all owned aircraft and all non-owned or
1 hired aircraft operated by the Lessee. Policy will be endorsed to include the
2 County of Riverside, Special Districts, Directors, Officers, Elected Officials,
3 employees, agents and representatives as Additional Insureds.

4 V. Products Liability Insurance

5 If Lessee Provides maintenance and repair services under the terms of this
6 Lease, Lessee shall provide Products Liability Insurance including completed
7 operations not otherwise covered by the Airport Commercial General Liability
8 policy with a limit of not less than \$2,000,000 any one occurrence combined

1 single limit and in the annual aggregate.

2 Vi. Hangar Keepers Liability Insurance (Ground Coverage)

3 Hangar Keepers Liability Insurance providing coverage for aircraft in the
4 care, custody or control of the Lessee with a limit equal to the replacement
5 value of all aircraft hulls controlled by the Lessee while on the ground
6 however, in no event, shall the limit of liability be less than \$1,000,000.

7 VII. Hangar Keepers Liability Insurance (Flight Coverage)

8 If applicable, Lessee shall provide Hangar Keepers Liability Insurance
9 providing coverage for aircraft in the care, custody or control of the Lessee
10 with a limit equal to the replacement value of highest valued hull that may be
11 flight tested by the Lessee however, in no event, shall the limit of liability be
12 less than \$1,000,000.

13 VIII. Pollution Liability Insurance

14 If Lessee provides aircraft fueling service they shall provide Pollution Liability
15 Insurance covering gradual, sudden and accidental pollution including first
16 party clean-up with a limit of no less than \$1,000,000.

17 IX. Property (Physical Damage):

18 i. All-Risk real and personal insurance coverage, including earthquake
19 and flood if applicable, for the full replacement cost value of building,
20 structures, fixtures, equipment, improvements/alterations and systems
21 on the premises for property that the Lessee owns or is contractually
22 responsible for. Policy shall include Business Interruption, Extra
23 Expense, and Expediting Expense to cover the actual loss of
24 business income sustained during the restoration period.

25 ii. Boiler & Machinery insurance coverage on a full replacement cost
26 value basis. Policy shall provide Business Interruption, Extra
27 Expense, and Expediting Expense coverage as well as coverage for
28 off-premises power failure.

1 X. Insurance for Fuel Suppliers.

2 Lessee shall also require suppliers of fuel to procure, maintain, show
3 evidence and comply with all requirements of insurance as follows:

4 i. Workers' Compensation. Workers' Compensation Insurance
5 (Coverage A) as prescribed by the laws of the State of California.
6 Policy shall include Employers' Liability (Coverage B) including
7 Occupational Disease with limits not less than \$3,000,000 per person
8 per accident. Policy shall be endorsed, if applicable, to provide a
9 Borrowed Servant/Alternate Employer Endorsement and Waiver Of
10 Subrogation in favor of the Lessee and the County of Riverside,
11 Special Districts, Directors, Officers, Board of Supervisors, elected
12 officials, employee, agents and representatives.

13 ii. Commercial General Liability. Commercial General Liability insurance
14 coverage, including but not limited to, premises liability, contractual
15 liability, products and completed operations, personal and advertising
16 injury covering claims which may arise from or out of Supplier's
17 performance of its obligations hereunder. Policy shall name the
18 Lessee, County of Riverside, Special Districts, their respective
19 Director's, Officers, Board of Supervisors, elected officials,
20 employees, agents or representatives as Additional Insureds. Policy's
21 limit of liability shall not be less than \$3,000,000 per occurrence
22 combined single limit. If such insurance contains a general aggregate
23 limit, it shall apply separately to this agreement or be no less than two
24 (2) times the occurrence limit.

25 iii. Vehicle Liability. Supplier shall maintain liability insurance for all
26 owned, non-owned or hired vehicles so used in an amount not less
27 than \$3,000,000 per occurrence combined single limit. If such
28 insurance contains a general aggregate limit, it shall apply separately

1 to this agreement or be no less than two (2) times the occurrence
2 limit. Policy shall name the Lessee, County of Riverside, Special
3 Districts, their respective Directors, Officers, Board of Supervisors,
4 elected officials, employees, agents, or representatives as Additional
5 Insureds.

6 iv. Pollution Liability Insurance. The Supplier shall provide Pollution
7 Liability Insurance covering gradual, sudden and accidental pollution
8 including first party clean-up with a limit of no less than \$5,000,000.

9 v. Lessee shall cause Supplier's insurance carrier(s) to furnish the
10 Lessor and the County of Riverside with a properly executed original
11 Certificate(s) of Insurance and certified original copies of
12 Endorsements effecting coverage as required herein. Further, said
13 Certificate(s) and policies of insurance shall contain the covenant of
14 the insurance carrier(s) that thirty (30) days written notice shall be
15 given to the Lessee and the County of Riverside prior to any material
16 modification, cancellation, expiration or reduction in coverage of such
17 insurance. In the event of a material modification, cancellation,
18 expiration, or reduction in coverage, the Supplier's Agreement shall
19 terminate forthwith, unless the Lessee and the County of Riverside
20 receives, prior to such effective date, another properly executed
1 original Certificate of Insurance and original copies of endorsements
2 or certified original policies, including all endorsements and
3 attachments thereto evidencing coverages set forth herein and the
4 insurance required herein is in full force and effect. Supplier shall not
5 commence operations until the County of Riverside has been
6 furnished original Certificate (s) of Insurance and certified original
7 copies of endorsements or policies of insurance including all
8 endorsements and any and all other attachments as required in this

1 Section. The original endorsements for each policy and the
2 Certificate of Insurance shall be signed by an individual authorized by
3 the insurance carrier to do so on its behalf.

- 4 vi. The Supplier's insurance company(s) shall agree and the
5 Certificate(s) of Insurance and policies shall so covenant that
6 coverage provided by them shall be construed as primary insurance,
7 and the Lessee's and the County's insurance and/or deductibles
8 and/or self-insured retentions or self-insured programs shall not be
9 construed as contributory.

10 XI. Insurance for Sub-Lessee's. Lessee shall require each of its Sub-Lessee's
11 to meet all insurance requirements imposed by the Lessee. These requirements, with the
12 approval of the County's Risk Manager, may be modified to reflect the activities associated
13 with the Sub-Lessee.

14 XII. General Insurance Provisions - All lines:

- 15 i. Any insurance carrier providing insurance coverage hereunder shall
16 be admitted to the State of California unless waived, in writing, by the
17 County Risk Manager. Carrier(s) shall have an A.M. BEST rating of
18 not less than an A: VIII (A:8).
- 19 ii. Insurance deductibles or self-insured retentions must be declared by
20 the Lessee's insurance carrier(s), and such deductibles and
21 retentions shall have the prior written consent from the County Risk
22 Manager. Failure of the Lessee's carriers to declare deductibles or
23 self insured retentions to the County shall waive any obligation of the
24 County, as additional insured, to honor said deductibles or self
25 insured retentions in the event of Lessee's insolvency. Upon
26 notification of deductibles or self insured retentions unacceptable to
27 the County, and at the election of the County's Risk Manager,
28 Lessee's carriers shall either: 1) reduce or eliminate such deductibles

1 or self-insured retentions as respects this Lease with the County, or
2 2) procure a bond which guarantees payment of losses and related
3 investigations, claims administration, and defense costs and
4 expenses.

5 iii. Cause Lessee's insurance carrier(s) to furnish the County of Riverside
6 with either 1) a properly executed original Certificate(s) of Insurance
7 indicating coverage as required herein, or 2) if requested to do so in
8 writing by the County Risk Manager, provide original Certified copies
9 of policies showing such insurance is in full force and effect. Further,
10 said Certificate(s) and policies of insurance shall contain the covenant
11 of the insurance carrier(s) that thirty (30) days written notice shall be
12 given to the County of Riverside prior to any material modification,
13 cancellation, expiration or reduction in coverage of such insurance.
14 In the event of a material modification, cancellation, expiration, or
15 reduction in coverage, this Lease shall terminate forthwith, unless the
16 County of Riverside receives, prior to such effective date, another
17 properly executed original Certificate of Insurance, evidencing
18 coverages set forth herein and the insurance required herein is in full
19 force and effect. Lessee shall not commence operations until the
20 County of Riverside has been furnished original Certificate(s) of
21 Insurance as required in this Section. The original Certificate of
22 Insurance shall be signed by an individual authorized by the insurance
23 carrier to do so on its behalf.

24 iv. It is understood and agreed to by the parties hereto and the insurance
5 company(s), that the Certificate(s) of Insurance and policies shall so
6 covenant and shall be construed as primary insurance, and the
7 County's insurance and/or deductibles and/or self-insured retentions
8 or self-insured programs shall not be construed as contributory.

1 XIII. The County of Riverside's Reserved Rights-Insurance

2 If during the term of this Lease or any extension thereof, there is a material
3 change in the scope of services or performance of work; or, there is a
4 material change in the scope of services or performance of work the County
5 of Riverside reserves the right to adjust the types of insurance required
6 under this Lease and the monetary limits of liability for the insurance
7 coverages currently required herein, if; in the EDA's Executive Director's
8 reasonable judgment, upon advise of the County Risk Manager, the amount
9 or type of insurance carried by the Lessee has become inadequate. The
10 Lessee agrees to notify the County of any plan or change of plan for the
11 Lessee's operations and such notification shall occur prior to implementing
12 any such change.

13 22. Hold Harmless.

14 (a) Lessee represents that it has inspected the leased premises accepts
15 the condition thereof and fully assumes any and all risks associated to the use thereof.
16 County shall not be liable to Lessee, its officers, agents, employees, subcontractors or
17 independent contractors for any personal injury or property damage suffered by them
18 which may result from hidden, latent or other dangerous conditions in, on, upon or within
19 the leased premises; provided, however, that such dangerous conditions are not caused
20 by the sole negligence of County, its officers, agents or employees.

1 (b) Lessee shall indemnify and hold County, its elected officials, officers,
2 agents, employees, and independent contractors free and harmless from any liability
3 whatsoever, based or asserted upon any act or omission of Lessee, its officers, agents,
4 employees, subcontractors and independent contractors, for property damage, bodily
5 injury, or death or any other element of damage of any kind or nature, relating to or in
6 anyway connected with or arising from its use and responsibilities in connection therewith
7 of the leased premises or the condition thereof, and Lessee shall defend, at its expense,
8 including without limitation attorney fees, expert fees and investigation expenses, County,

1 its elected officials, agents, employees and independent contractors in any legal action
2 based upon such alleged acts or omissions. The obligation to indemnify and hold County
3 free and harmless herein shall survive until any and all claims, actions and causes of action
4 with respect to any and all such alleged acts or omissions are fully and finally barred by the
5 applicable statute of limitations.

6 (c) County shall indemnify and hold Lessee, its officers, agents,
7 employees and independent contractors free and harmless from any liability whatsoever,
8 based or asserted upon any act or omission of County, its elected officials, officers, agents,
9 employees, subcontractors and independent contractors, for property damage, bodily
10 injury, or death or any other element of damage of any kind or nature, relating to or, in
11 anyway connected with or arising from its use and responsibilities in connection therewith
12 of the leased premises or the condition thereof, and County shall defend, at its expense,
13 including without limitation attorney fees, expert fees and investigation expenses, Lessee,
14 its, agents, employees, and independent contractors in any legal action based upon such
15 alleged acts or omissions. The obligation to indemnify and hold Lessee free and harmless
16 herein shall survive until any and all claims, actions and causes of action with respect to
17 any and all such alleged acts or omissions are fully and finally barred by the applicable
18 statute of limitations.

19 (d) The specified insurance limits required in Paragraph 21 herein shall
20 in no way limit or circumscribe Lessee's obligations to indemnify and hold County free and
21 harmless herein.

22 23. Assignment. Lessee cannot assign, sublet, mortgage, hypothecate or
23 otherwise transfer in any manner any of its rights, duties or obligations hereunder to any
24 person or entity without the written consent of County being first obtained, which consent
25 shall not be unreasonably withheld.

26 24. Right to Encumber/Right to Cure.

27 (a) Lessee Right to Encumber. Notwithstanding provisions of Paragraph
28 23 herein, County does hereby consent to and agree that Lessee may encumber or assign,

1 or both, for the benefit of a lender, herein called Encumbrancer, this lease, the leasehold
2 estate and the improvements thereof by a deed of trust, mortgage or other security-type
3 instrument, herein called trust deed, to assure the payment of the promissory note of
4 Lessee if the Encumbrancer is an established bank, savings and loan association or
5 insurance company, and the prior written consent of County shall not be required:

6 (1) To a transfer of this lease at foreclosure under the trust deed,
7 judicial foreclosure, or an assignment in lieu of foreclosure; or

8 (2) To any subsequent transfer by the Encumbrancer if the
9 Encumbrancer is an established bank, savings and loan association or insurance
10 company, and is the purchaser at such foreclosure sale, or is the assignee under an
11 assignment in lieu of foreclosure; provided, however, that in either such event the
12 Encumbrancer forthwith gives notice to county in writing of any such transfer, setting forth
13 the name and address of the transferee, the effective date of such transfer, and the
14 express agreement of the transferee assuming and agreeing to perform all of the
15 obligations under this lease, together with a copy of the document by which such transfer
16 was made. Any Encumbrancer described in Paragraph 25 (a)(2) above which is the
17 transferee under the provisions of Paragraph 25(a)(1) above shall be liable to perform the
18 obligations and duties of Lessee under this lease only so long as such transferee holds title
19 to the leasehold. Any subsequent transfer of this leasehold hereunder, except as provided
20 for in Paragraph 25 (a)(2) above, shall not be made without the prior written consent of
1 County and shall be subject to the conditions relating hereto as set forth in Paragraph 24
2 herein. Lessee shall give County prior notice of any such trust deed, and shall accompany
3 such notice with a true copy of the trust deed and note secured thereby.

4 (b) Right of Encumbrancer to Cure. County agrees that it will not
5 terminate this lease because of any default or breach hereunder on the part of Lessee if
6 the Encumbrancer under the trust deed, within ninety (90) days after service of written
7 notice on the Encumbrancer by County of its intention to terminate this lease for such
8 default or breach shall:

1 (1) Cure such default or breach if the same can be cured by the
2 payment or expenditure of money provided to be paid under the terms of this lease;
3 provided, however, that for the purpose of the foregoing, the Encumbrancer shall not be
4 required to pay money to cure the bankruptcy or insolvency of Lessee; or,

5 (2) If such default or breach is not so curable, cause the trustee
6 under the trust deed to commence and thereafter diligently to pursue to completion steps
7 and proceedings for judicial foreclosure, the exercise of the power of sale under and
8 pursuant to the trust deed in the manner provided by law, or accept from Lessee an
9 assignment in lieu of foreclosure, and keep and perform all of the covenants and conditions
10 of this lease requiring the payment or expenditure, of money by Lessee(s) until such time
11 as said leasehold shall be sold upon foreclosure pursuant to the trust deed, be released
12 or reconveyed thereunder, be sold upon judicial foreclosure or be transferred by deed in
13 lieu of foreclosure.

14 25. Estoppel Certificate. Each party shall, at any time during the term of the
15 Lease, within ten (10) days of written Notice (or as soon as reasonably possible) from the
16 other party, execute and deliver a statement in writing certifying that this Lease is
17 unmodified and in full force and effect, or if modified, stating the nature of such
18 modification. The statement shall include other details requested by the other party as to
19 the date to which rent and other charges have been paid, and the knowledge of the other
20 party concerning any uncured defaults with respect to obligations under this Lease and the
21 nature of such defaults, if they are claimed. Any such statement may be relied upon
22 conclusively by any prospective purchaser, encumbrancer, or sublessee of the Demised
23 Premises, the building or any portion thereof.

4 26. Toxic Materials. During the term of this lease and any extensions thereof,
5 Lessee shall not violate any federal, state or local law, or ordinance or regulation, relating
6 to industrial hygiene or to the environmental condition on, under or about the leased
7 premises including, but not limited to, soil air and groundwater conditions. Further, Lessee,
8 its successors, assigns and sublessees, shall not use, generate, manufacture, produce,

1 store or dispose of on, under or about the leased premises or transport to or from the
2 leased premises any flammable explosives, asbestos, radioactive materials, hazardous
3 wastes, toxic substances or related injurious materials, whether injurious by themselves
4 or in combination with other materials (collectively, "hazardous materials"). For the
5 purpose of this lease, hazardous materials shall include, but not be limited to, substances
6 defined as "hazardous substances," "hazardous materials," or "toxic substances" in the
7 Comprehensive Environmental Response, Compensation and Liability Act of 1980, as
8 amended, 42 U.S.C. Section 9601, et seq.; the Hazardous Materials Transportation Act,
9 49 U.S.C. Section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C.
10 Section 6901, et seq.; and those substances defined as "hazardous wastes" in Section
11 25117 of the California Health and Safety Code or as "hazardous substances" in Section
12 25316 of the California Health and Safety Code; and in the regulations adopted in
13 publications promulgated pursuant to said laws.

14 27. National Pollution Discharge Elimination System (NPDES) Permit. Lessee
15 acknowledges, understands and agrees that it shall comply with California State Water
16 Resources Control Board general permit requirements relating to storm water discharges
17 associated with activities such as aircraft rehabilitation, mechanical repairs, fueling,
18 lubrication, cleaning, painting and deicing. Lessee further acknowledges, understands and
19 agrees that it shall participate as a co-permittee under said general permit, participate in
20 the French Valley Airport Storm Water Pollution Prevention Plan (SWPPP) as noted in
21 Exhibit "D", including without limitation, the Best Management Practices, Best Available
22 Technology Economically Achievable, and Best Conventional Pollutant Control Technology."

23 28. Free from Liens. Lessee shall pay, when due, all sums of money that may
24 become due for any labor, services, material, supplies, or equipment, alleged to have been
25 furnished or to be furnished to Lessee, in, upon, or about the leased premises, and which
26 may be secured by a mechanics, materialmen's or other lien against the leased premises
27 or County's interest therein, and will cause each such lien to be fully discharged and
28 released at the time the performance of any obligation secured by such lien matures or

1 becomes due; provided, however, that if Lessee desire to contest any such lien, it may do
2 so, but notwithstanding any such contest, if such, lien shall be reduced to final judgment,
3 and such judgment or such process as may be issued for the enforcement thereof is not
4 promptly stayed, or if so stayed, and said stay thereafter expires, then and in such event,
5 Lessee shall forthwith pay and discharge said judgment.

6 29. Employees and Agents of Lessee. It is understood and agreed that all
7 persons hired or engaged by Lessee shall be considered to be employees or agents of
8 Lessee and not of County.

9 30. Binding on Successors. Lessee, its assigns and successors in interest, shall
10 be bound by all the terms and conditions contained in this lease, and all of the parties
11 thereto shall be jointly and severally liable hereunder.

12 31. Right of First Refusal. Providing Lessee faithfully performs all of the
13 conditions and covenants contained herein, and is not in default of the Lease at the date
14 of expiration, and further providing Lessor offers the Leased Premises for lease at any time
15 during the twelve (12) months subsequent to said expiration, Lessee, its successor, or
16 assigns shall have the first right of refusal to enter into a new lease agreement with Lessor
17 under the final terms being offered by Lessor to any prospective lessee. Issuance of a
18 Request for Proposals or Bid or similar issuance does not constitute an offering of lease
19 terms. Lessor shall provide Lessee written notice by United State mail, that the Leased
20 Premises are available for lease and the terms of said lease, and Lessee shall have thirty
21 (30) days from the postmark of said notice to give written notice of acceptance of the
22 proposed lease under the terms and conditions contained in said notice. Should Lessee
23 fail to notify Lessor of acceptance of said lease agreement within the thirty (30) days set
24 forth herein, Lessee shall be deemed to have rejected said offer to lease, and Lessor shall
25 be released from any further obligation hereunder.

26 32. Waiver of Performance. No waiver by County at any time of any of the terms
27 and conditions of this lease shall be deemed or construed as a waiver at any time
28 thereafter of the same or of any other terms or conditions contained herein or of the strict

1 and the parties hereby waive all provisions of law providing for a change of venue in
2 such proceedings to any other County.

3 35. Attorneys' Fees. In the event of any litigation or arbitration between
4 Lessee and County to enforce any of the provisions of this lease or any right of either
5 party hereto, the unsuccessful party to such litigation or arbitration agrees to pay to the
6 successful party all costs and expenses, including reasonable attorneys' fees, incurred
7 therein by the successful party, all of which shall be included in and as a part of the
8 judgment or award rendered in such litigation or arbitration.

9 36. Notices. Any notices required or desired to be served by either party upon
10 the other shall be addressed to the respective parties as set forth below:

11 COUNTY

LESSEE

12 County of Riverside
13 Economic Development Agency
14 3525 14th Street
15 Riverside, CA 92501
16 Attn: Executive Director

Mach I Air Charter, Inc.
37552 Winchester Road
Murrieta, CA. 92563

17 or to such other addresses as from time to time shall be designated by the respective
18 parties.

19 37. Paragraph Headings. The paragraph headings herein are for the
20 convenience of the parties only, and shall not be deemed to govern, limit, modify or in
21 any manner affect the scope, meaning or intent of the provisions or language of this
22 lease.

23 38. County's Representative. County hereby appoints the Economic
24 Development Agency's Executive Director or his designee as its authorized
25 representative to administer this lease.

26 39. Acknowledgment of Lease by County. Upon execution of this lease by the
27 parties hereto, this lease shall be acknowledged by County in such a manner that it will
28 be acceptable by the County Recorder for recordation purposes, and thereafter, Lessee
shall cause this lease to be recorded in the Office of the County Recorder of Riverside

1 to administer this lease.

2 39. Acknowledgment of Lease by County. Upon execution of this lease by the
3 parties hereto, this lease shall be acknowledged by County in such a manner that it will be
4 acceptable by the County Recorder for recordation purposes, and thereafter, Lessee shall
5 cause this lease to be recorded in the office of the county Recorder of Riverside County
6 forthwith and furnish County with a conformed copy thereof.

7 40. Agent for Service of Process. It is expressly understood and agreed that in
8 the event Lessee is not a resident of the State of California or it is an association or
9 partnership without a member or partner resident of the State of California, or it is a foreign
10 corporation, then in any such event, Lessee shall file with County's clerk, upon its
11 execution hereof, a designation of a natural person residing in the State of California,
12 giving his or her name, residence and business addresses, as its agent for the purpose of
13 service of process in any court action arising out of or based upon this lease, and the
14 delivery to such agent of a copy of any process in any such action shall constitute valid
15 service upon Lessee. It is further expressly understood and agreed that if for any reason
16 service of such process upon such agent is not feasible, then in such event Lessee may
17 be personally served with such process out of this County and that such service shall
18 constitute valid service upon Lessee. It is further expressly understood and agreed that
19 Lessee is amenable to the process so served, submits to the jurisdiction of the Court so
20 obtained and waives any and all objections and protests thereto.

21 41. FAA Consent to Lease. Lessee acknowledges that French Valley Airport was
22 transferred to the County by the Federal Government and, as such, may require FAA
23 consent to the Lease.

24 42. Entire Lease. This lease is intended by the parties hereto as a final
25 expression of their understanding with respect to the subject matter hereof and as a
26 complete and exclusive statement of the terms and conditions thereof and supersedes any
27 and all prior and contemporaneous leases, agreements and understandings, oral or
28 written, in connection therewith. This lease may be changed or modified only upon the

1 43. Construction Lease. The parties hereto negotiated this lease at arms
2 length and with the advise of there respective attorneys, and no provisions contained
3 herein shall be construed against County solely because it prepared this lease in its
4 executed form.

5
6 MACH I Air Charter, Inc.,
7 a Delaware Corporation

8 Date: 5/14/02

9
10 By: [Signature]

11 Joel R. Doherty, President

12
13 COUNTY OF RIVERSIDE

14 Date: JUN 04 2002

15
16 By: [Signature]

17 Chairman, Board of Supervisors

18 **BOB BUSTER**

19 APPROVED AS TO FORM:

20 William C. Katzenstein, County Counsel
21 Joe S. Rank, Assistant County Counsel

22 MAY 15 2002

23 By: [Signature]

24 Joe S. Rank, Assistant County Counsel

25 ATTEST:

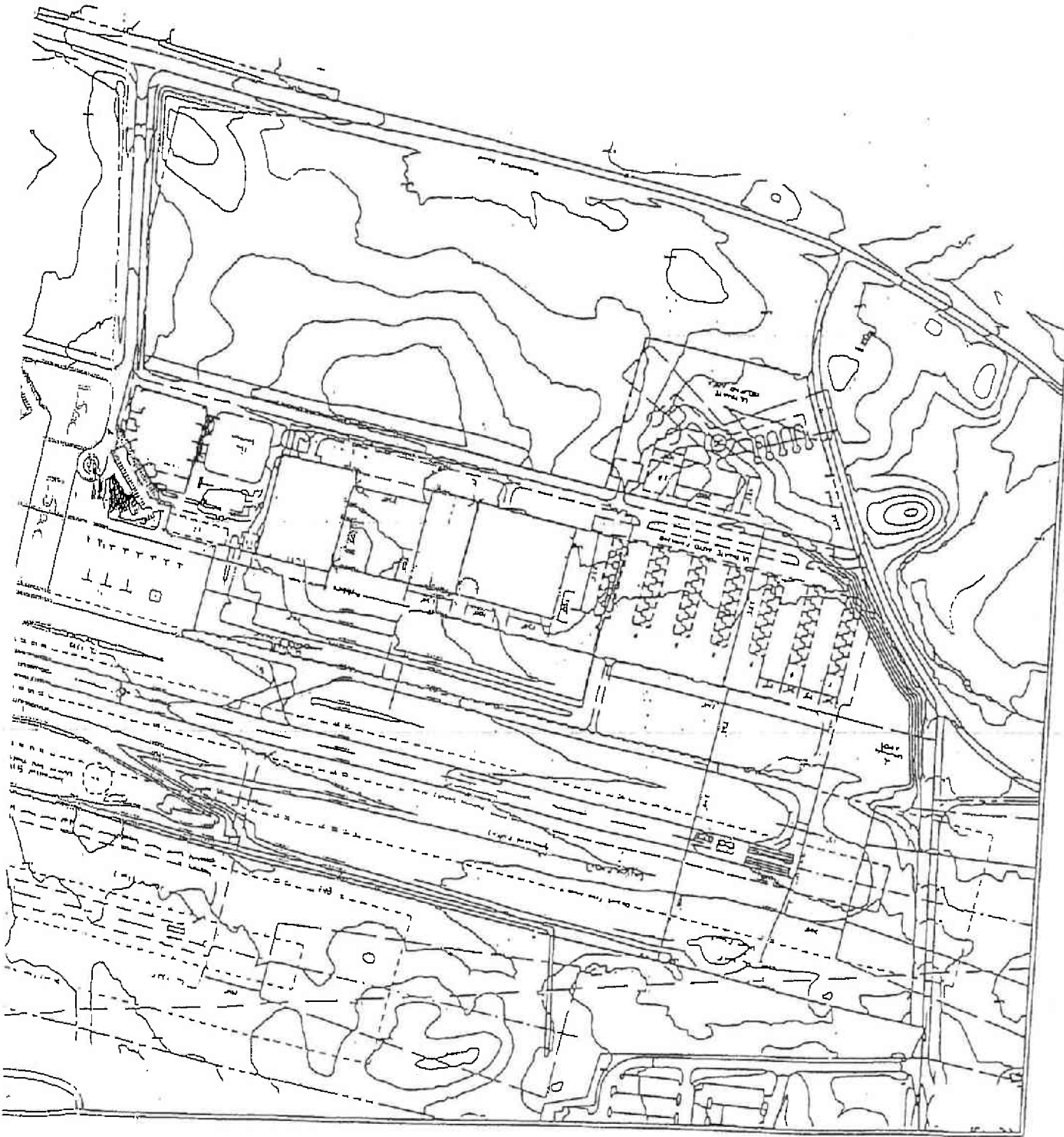
26 Gerald A. Maloney
27 Clerk of the Board

28 By: [Signature]

29 Deputy

30 Attachments: Exhibit A - Legal Description
31 Exhibit B - Minimum Standards
32 Exhibit C - Federally Required Lease Provisions
33 Exhibit D - Storm Water Pollution Prevention Plan

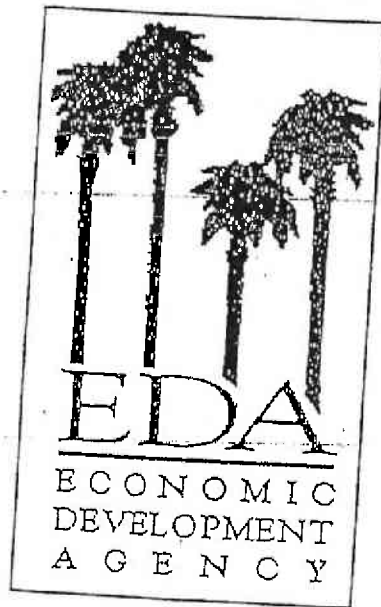
Building Name	Room No.	Elevation
RESEARCH BUILDING	101	100
RESEARCH BUILDING	102	100
RESEARCH BUILDING	103	100
RESEARCH BUILDING	104	100
RESEARCH BUILDING	105	100
RESEARCH BUILDING	106	100
RESEARCH BUILDING	107	100
RESEARCH BUILDING	108	100
RESEARCH BUILDING	109	100
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RESEARCH BUILDING	147	100
RESEARCH BUILDING	148	100
RESEARCH BUILDING	149	100
RESEARCH BUILDING	150	100



Minimum Standards for Fixed Base Operators

Riverside County Airports

RIVERSIDE
C O U N T Y



County of Riverside
Economic Development Agency
5555 Arlington Avenue
Riverside CA 92504
Phone: (909) 351-0700
Fax: (909) 688-6873

Adopted January 30, 2001

EXHIBIT B

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I. INTRODUCTION

Riverside County is the owner (sponsor) of the following six airports in Riverside County: Blythe, Chiraco Summit, Desert Center, Desert Resorts Regional, French Valley, and Hemet Ryan. The Riverside County Economic Development Agency (EDA) is the county agency responsible for operation of the County's airports.

Minimum standards are established to promote and attract a professional level of aviation services to the County's airports while safeguarding the public's interest. The Minimum Standards provide a framework that strengthens the relationship between the Sponsor and the Fixed Base Operator (FBO). They offer information, advice and, where necessary, they provide strict regulation so that both the prospective and experienced FBO may have a firmer understanding of the many considerations which contribute to a safe, successful, and useful operation. The standards are intended to be the minimum requirements for those wanting to provide aeronautical services to the public at Riverside County airports. Operators are encouraged to exceed the minimum requirements.

FBOs are responsible for complying with the Minimum Standards and shall be familiar with revisions made to the Standards. All FBOs on the airports must comply with the standards herein as well as all applicable government regulations; however, leases executed prior to August 16, 1988, are exempt until lease renegotiations. The County's airports are subject to federal, state, and local rules and regulations. The County has adopted local rules and regulations to implement Federal Aviation Administration (FAA) requirements and to provide for safe and orderly operation on the airports. Local rules and regulations governing airport activities include, but are not limited to, applicable portions of the following:

1. Ordinance No. 576 - Rules and Regulations for Operation of County Airports
2. Fixed Base Operator Minimum Standards
3. County Airport Fueling Standards
4. Special Event Permit Policy
5. Airport Design Standards

Federal and state rules and regulations include, but are not limited to: FAA Grant Assurances; FAA Order 5190.6A - Airport Compliance Requirements; Federal Airport Regulations (FAR's); State Aeronautics Act (PUC § 21000); Government Code § 50470 - 50478; ADA Regulations; the California Environmental Quality Act (CEQA); and the National Environmental Policy Act (NEPA).

II. DEFINITIONS

AERONAUTICAL ACTIVITY - Any activity or service that involves, makes possible, or is required for the operation of aircraft, or which contributes to or is required for the safety of such operations.

AGREEMENT, LEASE, OR PERMIT - A contractual agreement between the EDA and an entity granting a concession or otherwise authorizing the conduct of certain activities which is in writing, executed by both parties, and enforceable by law.

AIRPORT - Includes the following six (6) airports owned by Riverside County: Blythe, Chiraco Summit, Desert Center, Desert Resorts Regional, French Valley, and Hemet Ryan, and its environs, such as, the property, buildings, facilities, and improvements within the exterior boundaries of each airport as it now exists or as it may hereafter be extended, enlarged, or modified.

AIRPORT SPONSOR - The designated entity or duly authorized representative, appointed by the Board of Supervisors, to manage the operation and development of Blythe, Chiraco Summit, Desert Center, Desert Resorts Regional, French Valley, and Hemet Ryan airports.

ALP - Airport Layout Plan

APPLICANT - A person, persons, firm, partnership, or corporation desiring to acquire the use of a portion of an airport, or to establish or use any facility on an airport for an aeronautical activity or special event and who shall apply in writing and in the manner or form prescribed for authorization to establish such activities.

CEQA - California Environment Quality Act

COUNTY - County of Riverside, the FAA authorized airport sponsor.

EDA - Riverside County Economic Development Agency, the County agency designated to oversee and manage the County airports.

EQUIPMENT - All machinery, together with the supplies, tools, and apparatus necessary for the safe and proper procedure of the activity being performed.

FAA - Federal Aviation Administration

FAR - Federal Aviation Regulation

FIXED BASE OPERATOR (FBO) - Any person, firm, partnership, corporation, association, limited partnership, or any other legal entity duly licensed and authorized by written agreement with the Airport Sponsor (the County) to provide specific aeronautical services at an Airport, under strict compliance with such agreement and pursuant to these and all applicable regulations and standards.

FUEL - FAA authorized aviation fuel, including jet fuel

FUEL FARM - Any portion of an Airport, authorized by the Airport Sponsor, as an area in which gasoline or any other type of fuel may be stored.

FULL SERVICE FBO - An FBO which provides certain essential aeronautical services (e.g. aircraft maintenance and repair, flight instruction, fueling of aircraft, transient aircraft parking guidance, positioning of wheel chocks and tie-downs, fireguard for engine starts, baggage handling, standardized ground service and recovery equipment, pilots' lounge, and restrooms), subject to restrictions agreed to during lease negotiations (see Table A below for complete guidelines). - are all required!

LIMITED SERVICE FBO - An FBO which provides certain of the aeronautical services provided by a Full Service FBO, subject to restrictions imposed by leasehold size requirements and to restrictions agreed to during lease negotiations (see Tables B through H below for complete guidelines).

MINIMUM STANDARDS - The qualifications and criteria set forth herein as the minimum requirements to be met as a condition for an FBO to conduct an aeronautical activity on an EDA sponsored airport.

NEPA - National Environmental Policy Act

THE BOARD - The Riverside County Board of Supervisors

TLMA - Transportation and Land Management Agency

III. AIRPORT RULES AND REGULATIONS

A. Lease

All revenue generating, commercial and/or business activities, at County operated airports are required to secure a lease approved by the County Board of Supervisors (the "Board") prior to commencement of any commercial activity.

Prospective lessees should begin the process by requesting a meeting with County staff. The purpose of the initial meeting is to introduce staff, show the available sites, and answer any questions. At the conclusion of this meeting the prospective lessee will be asked to submit a Lease Application and proposal.

Upon receipt of a lease application and proposal, County staff will review the proposal and will provide a written response. Once an agreement has been reached on the deal points and development proposal, a lease will be developed for execution by the lessee. The lease shall be executed in three counterparts and all three copies shall be returned to the County. The County will then schedule the lease for consideration at the next available Board of Supervisors' meeting. Please be advised that the County Board of Supervisors is the only entity that can provide a binding lease commitment and development may not proceed until the Board has approved the lease.

Exclusive rights for any aeronautical activity will not be issued at any County airport. This is to ensure that airport patrons are offered competitive market prices for services.

B. Airport Layout

All new leases and new airport development shall comply with the current FAA approved Airport Layout Plan (ALP) for each airport. In addition, Desert Resorts Regional, French Valley, and Hemet Ryan airports have adopted Airport Master Plans and all new development shall comply with those master plans. Lessee proposals that conflict with ALPs and Master Plans will not be approved.

C. Signs

All signs (commercial, traffic, services, advertising, etc.) must receive written approval from the EDA Executive Director or Designee prior to their placement. The request for approval should include the size, location, and design of sign. All outdoor advertising shall comply with County Ordinance No. 348 and applicable federal and state laws. FAA Form 7460-1, *Building Design, Construction, and/or Alteration*, must be submitted to the FAA Western Pacific Region for review and determination, with a copy of the form sent to the EDA Executive Director.

D. Building Design, Construction, and/or Alterations

All design, construction, and alterations shall be in compliance with Airport Design Guidelines. The County reserves the right to review and approve all architectural design of all construction or alterations to be performed on County operated airports.

The County reserves the right to review and approve the construction methods of all development at the County operated airports. All buildings shall comply with local codes and regulations as to their construction. FAA Form 7460-1, *Building Design, Construction, and/or Alteration*, must be submitted to the FAA for their review and assessment with a copy of the form submitted to the EDA Executive Director.

The County reserves the right to require a Performance Bond or Letter of Credit prior to the construction of any facility for the return of funds expended by the County in the event that the applicant defaults on any obligations.

E. Inspections

The County reserves the right to make periodic inspections of the leased premises during reasonable hours to ensure lease compliance and Lessee's adherence with all applicable regulations. Inspections, under this provision, may be conducted by County staff, County contractors, the FAA, and/or the State of California.

F. Flying Clubs

All flying clubs located at Riverside County operated airports shall be nonprofit organizations. All rights shall be equally shared between members. No member shall share in profits, earnings, salaries, or other forms of compensation. The Flying Club shall not be engaged in any type of commercial operation. A copy of the Flying Club's Charter and By-laws, or other comparable documents, must be filed with the Aviation Division. Flying clubs must submit annual financial reports and furnish the County with proof of insurance of the types listed on Appendix A.

A minimum of one (1) aircraft, properly certified, is required for a flying club. Flight instruction shall only be offered to club members. The instructor must be a club member or an instructor who is a lessee on the airport for the purpose of flight instruction.

G. Waiver from Minimum Standards

Any tenant or prospective tenant wishing to waive any minimum standard set forth in the approved Minimum Standards must submit a letter to the EDA Executive Director expressing their hardship to conform with the Minimum Standards. The EDA Executive Director has the discretion of approving or disapproving the waiver as it would apply to the future viability of the airport, subject to applicable provisions which may be contained in the tenant's lease approved by the Board. Waivers may be granted on a temporary basis, and may be withdrawn or terminated at the Director's discretion.

H. Civil Rights

All individuals using the County operated airports must comply with all the provisions of the Federal Civil Rights Act of 1964. The tenant or prospective tenant shall ensure there shall be no discrimination in the availability of any services or commodities based on race, religious creed, color, national origin, ancestry, sex, age, physical handicap, medical condition, or marital status.

I. Insurance

The FBO shall procure, maintain, and pay premiums during the term of the agreement for insurance of the types and the minimum limits set forth by the County for each aeronautical activity. The FBO shall obtain and maintain insurance (See Appendix A), which contains an endorsement that the "County of Riverside, including its elected officials, officers, employees, and agents" are named as additional insured. Any insurance carrier providing insurance coverage hereunder shall be admitted to the State of California unless such requirement is waived, in writing, by the EDA Executive Director and/or the County Risk Manager. Each insurance company shall have an A.M. BEST rating of not less than A:VIII (A:8).

Proof of insurance must be submitted to the EDA Executive Director prior to commencement of operations and upon each insurance renewal. The FBO shall provide either 1) a properly executed original Certificate(s) of Insurance and 'certified original' copies of Endorsements effecting coverage as required herein, or 2) if requested to do so in writing by the EDA Executive Director and/or County Risk Manager, provide original Certified copies of policies including all endorsements and all attachments thereto, showing such insurance is in full force and effect. Certificate(s) shall contain the covenant that thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration, or reduction in coverage of such insurance. Certificates of Insurance and the policies shall covenant that their coverage is primary and the County's insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as primary.

If any policy contains a general aggregate limit, it shall apply separately to the Agreement with the County or be less than two (2) times the occurrence limit. All insurance policies are subject to review by the County's Department of Risk Management. The EDA Executive Director, upon the advice of the County Risk Manager, reserves the right to increase the limits, or require additional insurance coverage, beyond those set forth in these Minimum Standards, subject to applicable provisions of the tenant's lease.

J. Lot Size

Lot sizes may vary according to the type of operation. If available, aircraft tie-downs and hangar space, as well as automobile parking spaces, may be leased from the County to meet these minimum standards. The number of aircraft, hangar, or automobile parking spaces shall be determined during lease negotiations.

K. Outdoor Storage

No outside storage will be permitted except behind enclosed block walls, screened from public view, or as approved by the EDA Executive Director.

L. Maintenance

Lessee shall be responsible for the adequate maintenance of leased property and in compliance with all applicable Federal, State, and Local health and safety regulations.

V. SCOPE OF SERVICES

6 of case requires: janitor, fueling, aircraft parts, pilot's lounge & restrooms, standardized ground service equipment for aircraft

Each aeronautical activity has a separate scope of services. The services required of a Full-Service FBO include the Minimum Standards for all combinations of aeronautical activities. The cumulative effect of the Minimum Standards will not equate to any minimum standard greater than that applicable to the Full-Service FBO.

Table A - FULL SERVICE FBO

Each airport shall have a minimum of one (1) Full Service FBO. Mandatory Requirements: Full Service FBO's shall provide: aircraft maintenance & repair; flight instruction; fueling of aircraft; transient aircraft parking guidance; positioning of wheel chocks and tie-downs; fireguard for engine starts; baggage handling upon request; have available and provide standardized ground service equipment and recovery equipment for aircraft weighing up to 30,000 lbs at FVA, 40,000 lbs at HRA, and 80,000 lbs at DRRRA (service and recovery equipment shall include, but not be limited to, wheel chocks, tie-down ropes or chains, aircraft jacks, tow bars, auxiliary power units, and aircraft lugs); pilots' lounge; and restrooms. Optional Requirements: In addition to the required services listed in the preceding sentence, Full Service FBO's may provide: aircraft sales or leasing (including financing), sales of aircraft parts and supplies, radio and avionics sales and repair, aircraft storage hangars and tie-downs, painting and upholstering of aircraft, leasing or renting of automobiles, and operating a restaurant or café.

REQUIREMENT	MINIMUM STANDARD	PURPOSE / OTHER
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LOT SIZE: 3 acres or 130,680 SF

Hangar area	14,000 SF	For aircraft storage
Outside storage area	30,000 SF	For tie-down or apron parking
Building space	2,000 SF	For offices, pilots' lounge and briefing area, conference rooms, classrooms, and restrooms
Automobile parking	20 spaces, with landscaping as required by Ord. 348	For employees per shift and customer parking
Fuel farm	Refer to Fueling Standards	
Landscaping	To be determined during lease negotiations	Landscaping required around vehicle parking, sidewalks, and building

CERTIFICATION:

As applicable for each activity	FAA, State, and/or other responsible agency as applicable	For safe and efficient operation of airport and aeronautical activities
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PERSONNEL:

Staff	Adequate number	For safe and efficient operation of airport and aeronautical activities
Certification & training	Proper certification and training	To comply with all applicable regulations

HOURS OF OPERATION:

Business Hours	7 days/week, 10 hrs/day	Or as demand may require
Fueling services	During business hours and emergency situations	One (1) hr response time during non-business hours

EQUIPMENT:

Aeronautical operations	Refer to tables for equipment required for each activity	
FBOs providing aircraft fueling and servicing	Refer to Airport Fueling Standards	

INSURANCE:

Refer to Appendix A

B - AIRCRAFT MAINTENANCE

An aircraft airframe, engine, and accessory maintenance and repair FBO shall provide one or a combination of airframe, engine, and accessory overhauls and repair services on aircraft up to and may include business jet aircraft and helicopters. This category shall include the sale of aircraft parts and accessories.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
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LOT SIZE: 1/2 acre or 21,780 SF

Hangar area	6,000 SF	For aircraft storage
Tie-down or apron parking	One (1) per 1,000 SF of hangar space	Outside storage
Building space	400 SF	For offices, public phone, and restrooms
	200 SF	Office storage room
Automobile parking	One (1) per 1,000 SF of hangar area, with landscaping as required by Ord. 348	For employees per shift and customer parking
Landscaping	Specific plans to be determined during lease negotiations	Landscaping required around vehicle parking, sidewalks, and building

CERTIFICATION:

Station	Authorized repair station and certified under FAR Part 145 or Holder of an FAA inspection authorization under FAR Part 43	
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PERSONNEL:

Staff	Sufficient qualified technicians to meet proposal.	
Certification & training	Proper certification and training	To comply with all applicable regulations

HOURS OF OPERATION:

Services	5 days/week, 8 hrs/day	
	Services offered for emergency situations	One (1) hr response time during non-business hours

EQUIPMENT:

Sufficient inventory and equipment available to perform maintenance and repairs to manufacturers' specifications.	Should include but is not limited to tug, tow bar, jacks, and dollies	Operator is encouraged to have the capability of aircraft removal from the airport's operational areas
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INSURANCE:

Refer to Appendix A

Table C - RADIO AND AVIONICS REPAIR STATION SALES

A radio and avionics repair station FBO engages in the business of and provides a shop for the repair of aircraft avionics, instruments, and accessories for general aviation aircraft. This category also includes the sale of new or used aircraft avionics, instruments, and accessories.

REQUIREMENT

MINIMUM STANDARD

PURPOSE / OTHER

LOT SIZE: 150 SF

Repair station	150 SF	
Automobile parking	One (1) space per 150 SF, with landscaping as required by Ord. 348	

CERTIFICATION:

Station	Authorized repair station and certified under FAR Part 145	
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PERSONNEL:

Staff	One (1) FAA certified repairman	
Certification & training	Proper certification and training	To comply with all applicable regulations

HOURS OF OPERATION:

Business Hours	Available for appointment for at least 40 hrs/week	
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EQUIPMENT:

Sufficient inventory and equipment available to perform maintenance and repairs to manufacturers' specifications.

INSURANCE:

Refer to Appendix A

Table D - FLIGHT INSTRUCTION

A flight instruction FBO engages in instructing pilots in dual and solo flight training, in fixed and/or rotary wing aircraft, and provides such related ground school instruction as is necessary preparatory to taking a written examination and flight check ride for the category or categories of pilots' licenses and ratings involved.

<u>REQUIREMENT</u>	<u>MINIMUM STANDARD</u>	<u>PURPOSE / OTHER</u>
<u>LOT SIZE:</u> 500 SF (not necessarily contiguous)		
Classroom space	200 SF or as appropriate to the size of student population	For classroom instruction
Office and lobby areas	300 SF	For phones, restrooms, and space for adequate customer service
Automobile parking	3 spaces per aircraft, 2 for each additional for a maximum of 10 spaces, with landscaping as required by Ord. 348	For students and employees
Other	Any additional space necessary to house all owned or leased aircraft	

PERSONNEL:

Staff	One (1) certified flight instructor	To be available during normal hours of operation
	One (1) qualified ground school instructor	For classroom instruction

HOURS OF OPERATION:

Business Hours	Available for appointment for at least 40 hrs/week
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EQUIPMENT:

Aircraft	One (1) single-engine aircraft	Available for flight training
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INSURANCE:

Refer to Appendix A

Tab - AIRCRAFT SALES AND LEAS

An aircraft sales and/or lease FBO engages in the sale and/or lease of aircraft to the public. New aircraft sales involves the sale of new aircraft through franchises or licensed dealerships (if required by local, county, or state authority) or distributorship (either on a retail or wholesale basis) of an aircraft manufacturer. Aircraft sales FBOs may also engage in the sale of used aircraft. This can be accomplished through various methods, including matching potential purchasers with an aircraft (brokering), assisting a customer in the purchase or sale of an aircraft, or purchasing used aircraft and marketing them to potential purchasers. An aircraft sales and/or leasing FBO must show capability to support maintenance agreements for aircraft sold or leased. A used aircraft sales FBO may also provide such repair, services, and parts as may be necessary to support the operation of aircraft sold. Some requirements may not be appropriate to the sale of used aircraft because of each aircraft's unique operational history. An aircraft sales FBO may also finance aircraft purchases, subject to the applicable licensing requirements.

REQUIREMENT

MINIMUM STANDARD

PURPOSE / OTHER

LOT SIZE: 150 SF

Building space	150 SF	For offices, lobby area, public phone, and restrooms
Tie-down/Hangar space	Adequate number	Storage
Automobile parking	One (1) per employee One (1) per 50 SF of leased space With landscaping as required by Ord. 348	For employees per shift and customer parking
Landscaping	Specific plans to be determined during lease negotiations.	Landscaping required around vehicle parking, sidewalks, and buildings

CERTIFICATION:

New aircraft	Dealers must possess sales and/or distribution franchise from a recognized aircraft manufacturer
Aircraft available for sale and leasing	Aircraft must hold FAA registration and current airworthiness certificate

PERSONNEL:

Staff	One (1) commercial, qualified for aircraft type.	For demonstration of aircraft
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HOURS OF OPERATION:

Business Hours	Available for appointment at least 40 hrs/week
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EQUIPMENT:

Minimum equipment required shall be determined during lease negotiations.

INSURANCE:

Refer to Appendix A

ole F - AIRCRAFT STORAGE

An aircraft storage FBO engages in the construction, rental, and maintenance of conventional hangars or multiple T-hangars.

REQUIREMENT

MINIMUM STANDARD

PURPOSE / OTHER

LOT SIZE: 1 acre or 43,560 SF

Storage area of the following or proportionate combination of:	<ol style="list-style-type: none"> 1. Minimum of ten (10) T-Hangars to max of fourteen (14) per acre, or 2. Apron tie-down space of a minimum of 15 aircraft per acre, or 3. Conventional hangar of 10,000 SF. 4. Box hangars - Plot Plan subject to EDA and BOS approval 	
Automobile parking	One (1) for every two (2) hangars, with landscaping as required by Ord. 348	Automobile parking separate from aircraft storage area
Landscaping	Specific plans to be determined during lease negotiations	Landscaping required around vehicle parking, sidewalks, and buildings

PERSONNEL:

Staff	One (1) contact person	To be available during the normal work week (M-F, 8am-5pm)
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HOURS OF OPERATION:

Minimum via phone contact	5 days/week, 8 hrs/day
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INSURANCE:

Refer to Appendix A

ADDITIONAL GUIDELINES:

The County and Full Service FBOs shall possess the right to provide and operate the public aircraft storage areas unless circumstances warrant otherwise. No business activities shall be operated from storage areas.

141 - AGRICULTURAL APPLICATION

An agricultural application FBO engages air transportation for hire for the purpose of providing the use of aircraft for agricultural operations such as, but not limited to, crop dusting, seeding, spraying, and bird chasing.

REQUIREMENT

MINIMUM STANDARD

PURPOSE / OTHER

LOT SIZE: 1/2 acre or 21,780 SF

Apron, tie-down area	6,000 SF	Storage
Building space	400 SF	For offices, lobby, public phone, and restrooms
Chemical storage	400 SF	
Automobile parking	Minimum of five (5) parking spaces, with landscaping as required by Ord. 348	For number of employees per shift and average number customers
Landscaping	Specific plans to be determined during lease negotiations	Required around vehicle parking, sidewalks, and buildings

CERTIFICATION:

Permits and certificates	Must be submitted to EDA Executive Director or Designee prior to operations.	
Renewals	Furnished to EDA Executive Director or Designee as received.	
Agricultural Application Operator	Procure and maintain FAR Part 137 Commercial Agricultural Operators Certificate.	
Hazardous Materials Management Permit	Possess Hazardous Materials Management Permit	County Ordinance No. 615

PERSONNEL:

Staff	Minimum number to be determined during lease negotiations. Personnel must be knowledgeable about the safe handling of poisons and agricultural chemicals and the proper disposal of substances intended to be used in operations.	
Certification & training		

HOURS OF OPERATION:

Business Hours	Available for appointment for a minimum of 40 Hrs/week	Services offered 7 days/week
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EQUIPMENT:

To be determined during lease negotiations.

INSURANCE:

Refer to Appendix

N/A ?

REQUIREMENT

MINIMUM STANDARD

PURPOSE / OTHER

ADDITIONAL GUIDELINES: Storage and containment of Hazardous Materials

- a. Comply with California Regional Water Quality Control Board Resolution No. 79-38, dated March 14, 1979.
- b. Comply with County Ordinance No. 546, Division VIII-Fire Protection Requirement Buildings; and Division XIV-Fire Protection Requirements relating to storage of flammable or combustible liquids used as motor fuel.
- c. Comply with the 1982 Uniform Fire Code Article 80-Hazardous Materials (section 80.107, 80.108, 80.109, and 80.111); and Article 86-Pesticides storage (all sections).
- d. Comply with all hazardous waste regulations which can be found in Title 22 of the California Administrative Code and the California Health and Safety Code.
- e. Submit a waste management plan addressing the items mentioned below with an explicit clause stating that the applicant shall be held responsible for the safe and proper cleanup of any hazardous waste spills.
- f. Comply with Riverside County Ordinance No. 615 by completing the reporting form and obtaining a Hazardous Materials Management Permit.
- g. If hazardous wastes are treated and/or stored more than 90 days, or disposed or on-site, a hazardous waste facility must be obtained from the State Department of Health.
- h. If hazardous wastes are stored 90 days or less, storage area and containment shall meet the following:
 1. Tanks and/or containers shall be of sound construction and compatible with waste stored (Title 22, California Administrative Code, Sections 66508, 67242, and 67247).
 2. Tanks and/or containers shall be designed, constructed, maintained, and operated to minimize the possibility of fire, explosion, or any unplanned sudden, or non-sudden release of hazardous waste or any constituents to the soil, air, or surface waste which could threaten human health or the environment (Title 22, California Administrative Code, Sections 67241, 67243, 67244, 67257, and 67259).
 3. Storage of on-site hazardous waste containers shall be in a structure that will prevent the contamination of the environment with hazardous waste. Design of the structure shall be submitted to the EDA Executive Director or Designee and Hazardous Material Division prior to construction.
 4. If hazardous wastes or materials are to be stored underground, applicant must comply with County Ordinance No. 617 by completing the reporting form and obtaining the proper permits.
 5. Underground tanks shall be of proper design and construction with approved monitoring systems. Records shall be maintained concerning operations, inspections, and monitoring pursuant to County Ordinance No. 617.
 6. The applicant must take steps to minimize the quantity, toxicity, or other hazards of the waste generated. Such steps shall be submitted in writing to EDA Executive Director or Designee.
 7. The facility shall be in compliance with all statutes, regulations, and ordinances pertaining to the management of hazardous waste.
 8. Operator must submit a Letter of Credit or Performance Bond covering any clean-up or fines imposed caused by the actions of the operator.

Table OTHER AERONAUTICAL ACTIVITIES

All aeronautical activities that were not included in previous sections are required to comply with these minimum standards. Activities include, but are not limited to, Air Tours, Air Charter, Banner Towing, Gliders, Ultra Lights, Parachuting, Airship Operations, and Ballooning.

REQUIREMENT	MINIMUM STANDARD	PURPOSE / OTHER
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LOT SIZE: 1/2 acre or 21,780 SF

Building space	400 SF	For offices, lobby area, and restrooms. Additional space may be required depending on the operation.
Aircraft storage	To be determined during lease negotiations	Hangar or outside storage to accommodate the operational activities desired.
Automobile parking	Minimum of five (5) parking spaces or 810 SF, with landscaping as required by Ord. 348	For number of employees per shift and average number customers.
Landscaping	Specific plans to be determined during lease negotiations.	Required around vehicle parking, sidewalks, and buildings.

CERTIFICATION:

As applicable for each activity	FAA, State, and local certification and licensing as applicable	For safe and efficient operation of airport and aeronautical activities
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PERSONNEL:

Staff	Sufficient number during normal hours of operation.	
Certification & training	Properly trained and, if applicable, certified or licensed to perform the activities or a normal course of operation.	To comply with all applicable regulations

HOURS OF OPERATION:

Services	To be determined during lease negotiations,	Minimum requirements would be: normal telephone contact five (5) days a week (M-F) eight (8) hours a day.
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EQUIPMENT:

To be determined during lease negotiations depending on the type of activity proposed.

INSURANCE:

Refer to Appendix A

N/A ?

EXHIBIT "C"

FEDERAL AVIATION ADMINISTRATION
MANDATORY LEASE PROVISIONS

1. The Lessee for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this lease agreement for a purpose for which a U.S. Department of Transportation (DOT) program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, DOT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
2. The Lessee for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, and (3) that the Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-Discrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.
3. That in the event of breach of any of the above nondiscrimination covenants, the County of Riverside, herein called the County, shall have the right to terminate the lease agreement and to reenter and repossess said land and the facilities thereon, and hold the same as if said lease agreement had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed, including expiration of appeal rights.
4. The Lessee shall furnish its accommodations and/or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit

or service; provided, however, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

5. Non-compliance with Provision 4 above shall constitute a material breach thereof, and in the event of such noncompliance, the County shall have the right to terminate this lease agreement and the estate thereby created without liability therefore or, at the election of the County or the United States, either or both said Governments shall have the right to judicially enforce these Provisions.
6. The Lessee agrees that it shall insert the above five provisions in any sublease agreement by which said Lessee grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public on the premises herein leased.
7. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR Par 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR 152, Subpart E, to the same effort.
8. The County reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or view of the Lessee and without interference or hindrance.
9. The County reserves the right, but shall not be obligated to the Lessee, to maintain and keep in repair the landing area of the airport and all publicly-owned facilities of the airport, together with the right to direct and control all activities of the Lessee in this regard.
10. This lease agreement shall be subordinate to the provisions and requirements of any existing or future agreement between the County and the United States relative to the development, operation, or maintenance of the airport.
11. There is hereby reserved to the County, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises herein leased. This public right of flight shall include the right to cause in said airspace any

noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from, or operating on the French Valley Airport.

12. The Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the leased premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the leased premises.
13. The Lessee, by accepting this lease agreement, expressly agrees for itself, its successors and assigns that it will neither erect nor permit the erection of any structure or object, nor permit the growth of any tree, on land leased hereunder with a height that exceeds the height limitation formula specified in Part 77 of the Federal Aviation Regulations without first obtaining the approval of the DOT and the County, which approval can be sought by submitting FAA Form 7460-1 (copy attached). In the event that the aforesaid covenants are breached, the County reserves the right to enter upon the land leased hereunder and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of the Lessee.
14. The Lessee, by accepting this lease agreement, agrees for itself, its successors and assigns that it will not make use of the leased premises in any manner which might interfere with the landing and taking off of aircraft from French Valley Airport or otherwise constitute a hazard. In the event that the aforesaid covenant is breached, the County reserves the right to enter upon the premises hereby leased and cause the abatement of such interference at the expense of the Lessee.
15. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 USC 1349a)
16. This lease agreement and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire affecting the control, operation, regulation, and taking over of said airport or the exclusive or non-exclusive use of the airport by the United States during time of war or national emergency.

STORM WATER POLLUTION PREVENTION PLAN

DOCUMENTATION

FRENCH VALLEY AIRPORT

AIRPORT RESEARCH AND DEVELOPMENT FOUNDATION

ARDF

SWPPP

DOCUMENTATION

W.D.I.D.#933s006139

LEASE COPY ONLY

S.W.P.P.P. MAY BE REVIEWED IN AIRPORTS MANAGERS OFFICE

EXHIBIT D

STORM WATER POLLUTION PREVENTION PLAN

INTRODUCTION AND PURPOSE

The California airport group members have submitted their Notices of Intent (NOIs) and are now in the compliance phase of the California General Permit. The General Permit requires airport discharges to: eliminate non-storm water discharges; develop and implement a storm water pollution prevention plan; and perform monitoring of discharges to the storm water drainage system.

The required Storm Water Pollution Prevention Plan (SWPPP) must emphasize the storm water Best Management Practices (BMPs) and be designed to comply with Best Available Technology Economically Achievable (BAT) and Best Conventional Pollutant Control Technology (BCT). The SWPPP has two major objectives: 1) to identify the source of pollutants that affect the quality of the industrial storm water discharge; and 2) to describe practices which may be implemented to reduce the pollutants in the industrial storm water discharge.

The SWPPP is to be certified and implemented by October 1, 1992. Although the SWPPP is not submitted to the Regional Board, it must be retained on file at the airport for the duration of the permit. The SWPPP must be available for Regional Board and public review. The Regional Board may notify airport representatives if the SWPPP does not meet the minimal requirements. Within 30 days of the notice, the airport must submit a time schedule in which the required changes will be made. Once the changes have been made, the airport will provide written certification to verify the completed change. The documentation should then be retained as part of the SWPPP.

The airport is responsible for amending the SWPPP whenever there is a change in construction, operation, or maintenance, which will affect the quality or quantity of the industrial storm water discharge. The SWPPP should also be amended if the objective of controlling pollutants in the storm water discharge is not being achieved.

PERSONNEL
POLLUTION PREVENTION COMMITTEE MEMBERS

Airport Manager/Representative: Tom Turner
Phone: (909) 351-0700 X358
24hr. phone: Pager 909-412-3049

Designated Individuals

NAME: Tom Turner	TITLE: Airports Manager
PHONE: (909) 351-0700 X358	24 hr Phone: Pager (909)412-3049

NAME: Paul Harden	TITLE: Service Worker
PHONE: (909) 538-5164	

NAME: Joe Diorio	TITLE: Owner American Valet Air, F.B.O.
Phone: (909) 677-2756	

SWPPP CERTIFICATION

The SWPPP certification must be signed in accordance with the provisions of Section C9 of the General Permit.

SWPPP CERTIFICATION

The regulations require the above defined person to certify the airport's Storm Water Pollution Prevention Plan.

This is to certify that Tom Turner Airport: French Valley	Title: Aviation Supervisor
--	----------------------------

I certify under penalty of law that this document and all attachments were prepared under my direction or supervision in accordance with a system designed to ensure that qualified personnel properly gather and evaluate the information submitted. Based on my inquiry of the

Person or persons who manage the system, or those persons directly responsible for gathering the information, the information submitted, is, to the best of my knowledge and belief, true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine and imprisonment for knowing violations.

Signature _____

Title _____

Date _____

FACILITY DATA COLLECTION

The general permit requires that the following information be gathered in order to determine and evaluate pollution sources:

- Site map
- Topographic map
- Description of significant material handling
- List of pollutants with potential to be present
- Size of airport and percentage of impervious areas
- Spill history
- Summary of existing sampling data

Description of Significant Material Handling

Significant Materials Treated or Stored

Significant Materials Stored: 1) 12,000 gallons Avgas (underground)
2) 12,000 gallons Jet-A (underground)
3) Used motor oil

Significant Materials Disposed:

- 1) Fuel from underground tanks are used in aircraft. Underground and above ground tanks are regulated by Title 23 of the California Health and Safety Code, E.P.A. underground tank regulations, and Riverside County Ord.No. 617.
- 2) Used motor oil is recycled through a licensed contractor.

November 19, 1988): No significant spills have been reported.

Materials Management Practices:

- 1) All hazardous material spills must be reported to the airport manager, County Hazardous materials Div. Of County Health, and Riverside County Fire. Liquid absorbent materials are stored at the airport.
 - 2) Areas where materials are stored and or have the possibility to spill are inspected monthly, with spot inspections during the daily airport inspections.
 - 3) Insure material handlers have proper licenses and training.
-

Equipment Management Practices:

- 1) All equipment inspected monthly, i.e. fuel trucks, service equip. dispensers etc.
- 2) Preventive maintenance scheduled to prevent leaks.
- 3) Drip pans available to install under leaks.

Vehicle Management Practices:

- 1) Scheduled preventive maintenance.
- 2) Cleaning vehicles with only biodegradable solvents and soaps, in designated areas only.
- 3) Routine daily inspections of vehicles.

Material Loading, Unloading, and Access Areas:

- 1) All personal are to have proper training or licensing.
- 2) Restrict material handling area to trained personnel only.
- 3) Inspect equipment monthly to insure proper working order and notify responsible party if faulty.

Existing Structural Controls (to reduce pollutants in storm water):

- 1) Oil water separators installed; floor drains in hangars and disposed of in the sanitary sewer system.
- 2) Oil and water separators installed at the aircraft wash areas, disposed of into the sanitary sewer system.
- 3) Monthly inspections of all aircraft tie downs, auto parking lots, streets and hangar areas.

- 1) Use of dirt roads is restricted to airport employees for maintenance and emergency response to aircraft accidents.
- 2) Monthly inspections of all drains, ditches, flood control berms and outfalls to insure no dry weather signs of runoff water are present.

Airport Industrial Storm Water Treatment Facilities:

- 1) No facilities are now on the airport.

Methods of On-Site Disposal of Significant Materials:

All hazardous materials are disposed of in State approved sites or recycled.

No hazardous materials are disposed of at the airport.

Methods of On-Site Storage of Significant Materials:

- 1) Aviation fuels are stored in underground tanks or in fuel trucks.
- 2) Motor vehicle oils are stored inside buildings.
- 3) Used oils are stored in County Health approved above ground tanks.

Activities that Generate Significant Quantities of Dust or Particulates (unpaved access roads or emissions from industrial processes):

- 1) All airport roads and parking lots are paved. Some maintenance roads and future development lots are dirt, but have restricted access.
- 2) There are no significant industrial processes on the airport.

Pollutant List

The airport is required to list any pollutants that have a reasonable potential to be present in the storm water discharge in significant quantities. The definition of significant quantities varies depending on the material. In general, a significant quantity is a quantity of material larger than that consumed within a normal day's operations or a quantity resulting in spills beyond the immediate clean-up capabilities of the individual charged with the use of the materials. For regulated substances, a significant quantity is a "reportable" quantity of those substances. An estimate of the annual quantities of these pollutants in the discharge is also

POLLUTANT LIST

TABLE 3-1

Date	Pollutant Present	Use	Quantity Estimate
10-99	Aviation fuels coolants oil	Aircraft Ground vehicles Aircraft and ground equip.	none no spill history " " "

Airport Size (acres or square feet): 265 acres

Impervious Area (acres or Square Feet): 48.25 acres

Percentage of Impervious Area (Impervious area/total area x 100): 18.2%

Significant Spills or Leaks

Table 3-2 should be used to record the lists described above.

Summary of Sampling Data

Record the sampling event(s) information on Table 3-3 and include only a one-page summary from the sampling data report package.

documentation and record must be maintained with the SWP. For a period of 5 years. Table 4-1 should be used to record inspection and maintenance activities, and any corrective actions implemented.

Good House keeping

Written Protocol

The protocols should be developed to meet the site-specific requirements of the airport. The protocols should cover:

1. Daily inspections of tie down areas to look for leaks and spills.
2. Notices sent to tenants to inform them of problems that need correcting.
3. Vehicle and equipment washing to be done in designated areas only.
4. NO HANGARS, equipment storage, or maintenance buildings will be hosed out. All oil and solvents must be cleaned up using absorbent material or biodegradable solvents or soap.
5. Drip pans and 100 pounds of oil absorbent material stored at each F.B.O. site.
6. Drums and tanks containing used oil, solvents, and coolants checked weekly for material levels. All full containers to be closed and secured to prevent overfill.
7. The airport and each co-permittee will train personnel in the proper handling, identification and clean up practices. List of agencies to notify when a spill occurs.
8. The designated airport representative to inspect the airport monthly to include co-permittees leaseholds, notify responsible not in compliance with the storm water plan.
9. All non-paved roads to be restricted to only necessary traffic.
10. All vehicle fueling to take place on paved areas.

A protocol document should be included with the SWPPP document; Table 4-3 can be used for this purpose.

Spill Prevention and Response

Table 4-4 will be used to record the spill control and countermeasures established by the airport. Please add any additional documentation relating to spill prevention countermeasures and control to this document.

See Protocols

The designated person will be named below. This information should be kept on file as part of the SWPPP documentation.

Designated Individual: Tom Turner
Title: Airport Manager
Phone: (909) 351-0700 X358
24 hr. Phone: Pager #: (909) 412-3049

Alternate: Paul Harden
Title: Maint. Service Worker
Phone: (909) 538-5164

Storm Water Management Practices

1. Daily inspections of tie down areas to look for leaks.
2. Notices sent to tenants informing them of problems that need correcting.
3. Vehicle and equipment washing to be done on wash racks.
4. All hangars and equipment storage areas are to be mopped with soaps and oil and solvent spills material.
5. Drip pans and absorbent material available at all F.B.O.s.
6. Drums and tanks to have canopies and retention areas.

Sediment Control and Erosion Prevention

1. Seed embankments where applicable to prevent erosion.
2. Install hay bails, screens, to trap sediment in earthen ditches.
3. All construction projects to have a S.W.P.P.P.

NON - STORM WATER DISCHARGES

The California General Permit requires non-storm water discharges to be eliminated prior to the implementation of the SWPPP on October 1, 1992. The airports must certify that there are

non-storm water discharge present in the storm water drain system. All airports in the group must certify and monitor outfalls for dry weather discharges.

The certification page, for non-storm water certification, is provided in the "Non-Storm Water Discharge Screening and Detection Manual." This page should be signed and a copy inserted into the SWPPP documentation. All forms filled out while surveying and evaluating outfalls should also be inserted into this section of the SWPPP document. A record of methods used, dates, and time conducted should be listed on the form.

For methods of detection and screening for non-storm water discharges, the SWPPP Committee should refer to the above referenced document for complete guidance.

If certification is not feasible, due to the inability to eliminate the non-storm water discharge because of the need for significant structural changes, the airport must notify the Regional Board prior to the October 1, 1992 deadline. This notification should include a summary of why the extension in eliminating non-storm water discharges is required and a schedule indicating when non-storm water discharges will be eliminated. The schedule is subject to modification by the regional board. This is also required if the airport has applied for an NPDES permit for a non-storm water discharge and has not yet received approval. If the airport is unable to eliminate the non-storm water discharge, then a schedule for elimination of the discharge must be submitted to the Regional Board for approval. In no case will the Board allow for the elimination of non-storm water discharges to take longer than 3 years from the date of the NOI submittal.

COMPLIANCE

Inspections

An annual inspection of the airport will be conducted by the Regional Board to verify elements of the SWPPP are accurate and have been implemented. The inspection may yield comments, which require a response to comments by the board and are required to be retained as part of the SWPPP. As listed under Section 311 of the Clean Water Act this SWPPP is considered a report that shall be available to the public.

responsible for preparation of the SWPPP and the date.

FIRST AMENDMENT TO LEASE
FRENCH VALLEY AIRPORT

2
3
4 The COUNTY OF RIVERSIDE, herein called County, and MACH I AIR CHARTER,
5 INC., a Delaware Corporation, herein called Lessee, hereby agree to amend the Lease
6 between the COUNTY OF RIVERSIDE and MACH I AIR CHARTER, INC. approved by
7 the Board of Supervisors of the County of Riverside on June 4, 2002, for 1.5 acres of
8 land at French Valley Airport, County of Riverside, California, as follows:

9 1. Paragraph 1, Recitals, page 1 of 30, replace subparagraph (b) with the
10 following: (b) Lessee desires to lease said property from the County for the
11 construction of an aircraft hangar and related office space and to have an option to
12 lease the adjacent 1.5 acres of improved tie-down space, which is currently used for
13 public, transient aircraft parking, on the same terms and conditions. Transient aircraft
14 are those aircraft, which stay at the airport for a period of less than two days and one
15 night.

16 2. Paragraph 4, Use, page 3 of 30, add the following subparagraph: 4(d) In
17 the event Lessee exercises the option to lease the additional 1.5-acre parcel referred
18 to in Paragraph 1(b), said parcel shall remain as public, unrestricted, transient aircraft
19 parking during the remaining term of this lease. Lessee may charge a parking fee of
20 up to \$20 per day for the use of each tie-down space. Lessee may not charge more
21 than \$20 per day, per tie-down space without first receiving County's written
22 permission.

23 3. Paragraph 10, Additional Obligations of Lessee, page 9, line 28, add:
24 The parking stalls shall be designated as public parking and located according to the
25 Parking Plan attached hereto as Exhibit E and by this reference made a part of this
26 First Amendment. County must approve any limitations or restrictions on the use of
27 these public parking spaces in writing.
28 ///

OCT 21 2003

3.14

2 ending two months" shall be changed to "Los Angeles-Riverside Orange County Index
3 for the twelve month period ending three months"

4 5. Paragraph 21, subsection II, line 28 delete "and \$300,000 in the
5 aggregate".

6 6. Paragraph 8, Onsite Improvements, page 8 of 30, line 8, after "Airport
7 Master Drainage Plan", add "and Exhibit D, Storm Water Pollution Prevention Plan,
8 attached hereto and by this reference made a part of this Lease."

9 7. Paragraph 8, Onsite Improvements, page 8 of 30, line 7, after Exhibit B,
10 add "Minimum Standards."

11 8. Paragraph 36, Notices, page 28 of 30, line 14, under heading LESSEE,
12 add "Hangar 51".

13 9. All other provisions of the Lease, not otherwise affected by this
14 First Amendment, shall remain the same.

15 10. Construction of Amendment: The parties hereto negotiated this First
16 Amendment at arms length and with the advice of their respective attorneys, and no
17 provisions contained herein shall be construed against County solely because it
18 prepared this First Amendment in its executed form.

19 ///

20 ///

21 ///

22 ///

23 ///

24 ///

25 ///

26 ///

27 ///

28 ///

Mach I Air Charter, Inc.
a Delaware Corporation

By: [Signature]
Joel R. Doherty, President

Date: OCT 21 2003

COUNTY OF RIVERSIDE
By: [Signature]
Chairman, Board of Supervisors
JOHN T. [unclear]

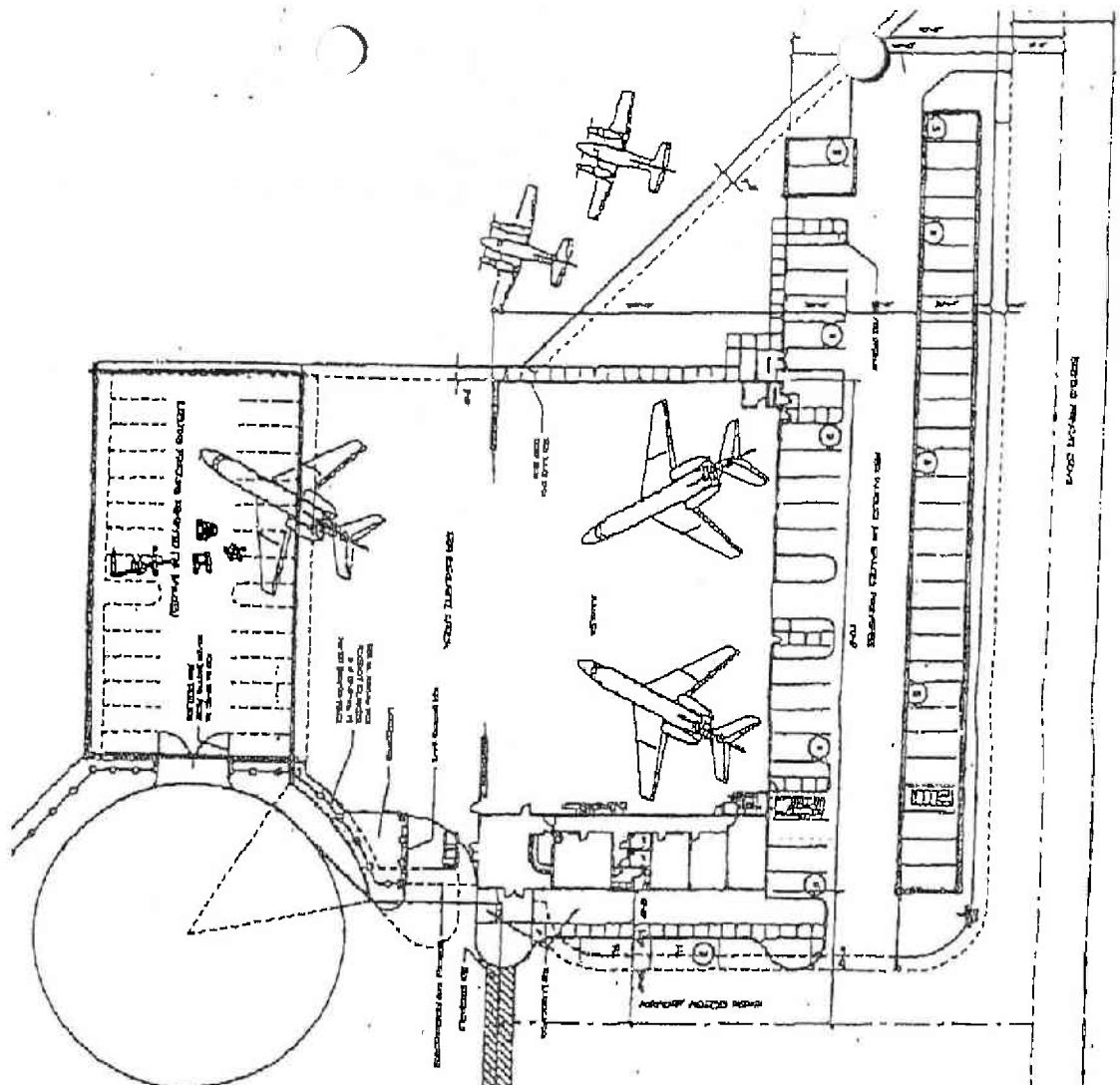
ATTEST:
NANCY ROMERO, Clerk of the Board
By: [Signature]
Deputy

FORM APPROVED:
WILLIAM C. KATZENSTEIN, County Counsel
By: [Signature] 9/29/03
Deputy

(SEAL)

Attachment: Exhibit E - Parking Plan

OCT 21 2003 3.14



* Replacement public parking for Lot A

[Handwritten signature] By: *[Handwritten signature]*

EXHIBIT E

LONG BEACH AIRPORT (PART 100)
 PROJECT NO. 100-100-100
 SHEET NO. 100-100-100
 DATE 11.15.63
 DRAWN BY: [Name]
 CHECKED BY: [Name]
 APPROVED BY: [Name]
 PROJECT NO. 100-100-100
 SHEET NO. 100-100-100
 DATE 11.15.63
 DRAWN BY: [Name]
 CHECKED BY: [Name]
 APPROVED BY: [Name]

NO.	DATE	DESCRIPTION
1	11.15.63	ISSUED FOR PERMITTING
2	11.15.63	ISSUED FOR CONSTRUCTION
3	11.15.63	ISSUED FOR AS-BUILT

Mech I Air Charter, Inc
 57682 Winchester Road
 Building 81, Suite 109
 Murietta, CA 92563

colbourn.currier.noll
 architecture, inc
 10278 Via Verde St. - 4th Floor - San Diego, CA 92131
 619-594-1111

SECOND AMENDMENT TO LEASE
FRENCH VALLEY AIRPORT

THIS SECOND AMENDMENT (this "Second Amendment") is made as of the 13th day of DEC, 2005 by and between The County of Riverside, California ("County") and Ovation Air Group, Inc. a Delaware corporation (formerly known as Mach 1 Air Charter, Inc.) ("Lessee") with reference to the following facts:

A. County and Lessee have entered into that certain Lease, approved by the Board of Supervisors of the County of Riverside on June 4, 2002 (the "Original Lease"), for the premises described therein, as modified by that certain First Amendment to Lease, approved by the Board of Supervisors of the County of Riverside on October 21, 2003 (the "First Amendment," together with the Original Lease, the "Lease").

B. At the time the Lease was executed, the leased premises had not been surveyed.

C. The leased premises have now been surveyed and Lessor and Lessee desire to amend the Lease as set forth herein to more specifically identify the leased premises.

NOW THEREFORE, the parties agree as follows:

1. Exhibit A. Exhibit A to the Lease is hereby replaced in its entirety with Exhibit A and Exhibit B attached hereto that contain a more specific legal description and depiction of the leased premises.

2. Ratification. All other provisions of the Lease, not otherwise affected by this Second Amendment, shall remain the same.

3. Construction of Second Amendment: The parties hereto negotiated this Second Amendment at arms length and with the advice of their respective attorneys, and no provisions

contained herein shall be construed against any party solely because such party or its counsel prepared this Second Amendment in its executed form.

4. Successors and Assigns. The terms and conditions of this Second Amendment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

5. Counterparts. This Second Amendment may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one document.

[The Remainder of this Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the date first written above.

LESSEE:

OVATION AIR GROUP, INC., a Delaware corporation

By: *Eric Chriss*
Name: Eric Chriss
Title: CFO

LESSOR:

COUNTY OF RIVERSIDE
DEC 13 2005

Date: _____

By: *Marion Ashley*
Chairman, Board of Supervisors
MARION ASHLEY

APPROVED AS TO FORM:

Joe S. Rank, County Counsel

By: *Gordon V. Woo*
Deputy

Date: 11/15/05

Attachments: Exhibit A and Exhibit B - Legal Description

ATTEST:
NANCY ROMERO, Clerk
By: *Schlemmer*
DEPUTY

EXHIBIT 'A'
OVATION AIR GROUP - LEASE

THAT PORTION OF SECTION 7, TOWNSHIP 7 SOUTH, RANGE 2 WEST, SAN BERNADINO BASE AND MERIDIAN BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 1

COMMENCING AT THE WEST 1/4 CORNER OF SAID SECTION 7:

THENCE: N 89°50' 55" E ALONG THE NORTH LINE OF THE SOUTHWEST 1/4 OF SAID SECTION 7 A DISTANCE OF 1657.66 FEET:

THENCE: S 0°09' 55" E A DISTANCE OF 76.90 FEET TO THE TRUE POINT OF BEGINNING:

THENCE: S 12°17' 07" W A DISTANCE OF 255.00 FEET:

THENCE: S 77°42' 53" E A DISTANCE OF 85.00 FEET:

THENCE: N 12°17' 07" E A DISTANCE OF 40.00 FEET:

THENCE: S 77°42' 53" E A DISTANCE OF 241.00 FEET TO A POINT HEREINAFTER DESCRIBED AS POINT 'A':

THENCE: N 12°17' 07" E A DISTANCE OF 145.00 FEET:

THENCE: N 77°42' 53" W A DISTANCE OF 87.26 FEET:

THENCE: N 27°42' 53" W A DISTANCE OF 91.38 FEET:

THENCE: N 77°42' 53" W A DISTANCE OF 180.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 65,326 SQ. FT. OR 1.500 ACRES MORE OR LESS.

PARCEL 2

BEGINNING AT THE ABOVE MENTIONED POINT 'A':

THENCE: N 12°17' 07" E A DISTANCE OF 145.00 FEET:

THENCE: S 77°42' 53" E A DISTANCE OF 450.00 FEET:

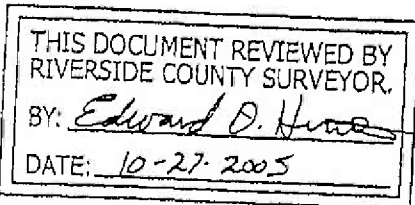
THENCE: S 12°17' 07" W A DISTANCE OF 145.00 FEET:

THENCE: N 77°42' 53" W A DISTANCE OF 450.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 65,250 SQ. FT. OR 1.498 ACRES MORE OR LESS.

SEE EXHIBIT 'B' ATTACHED

PAGE 1 OF 1



Gary T. Sanderson

EXHIBIT 'B'

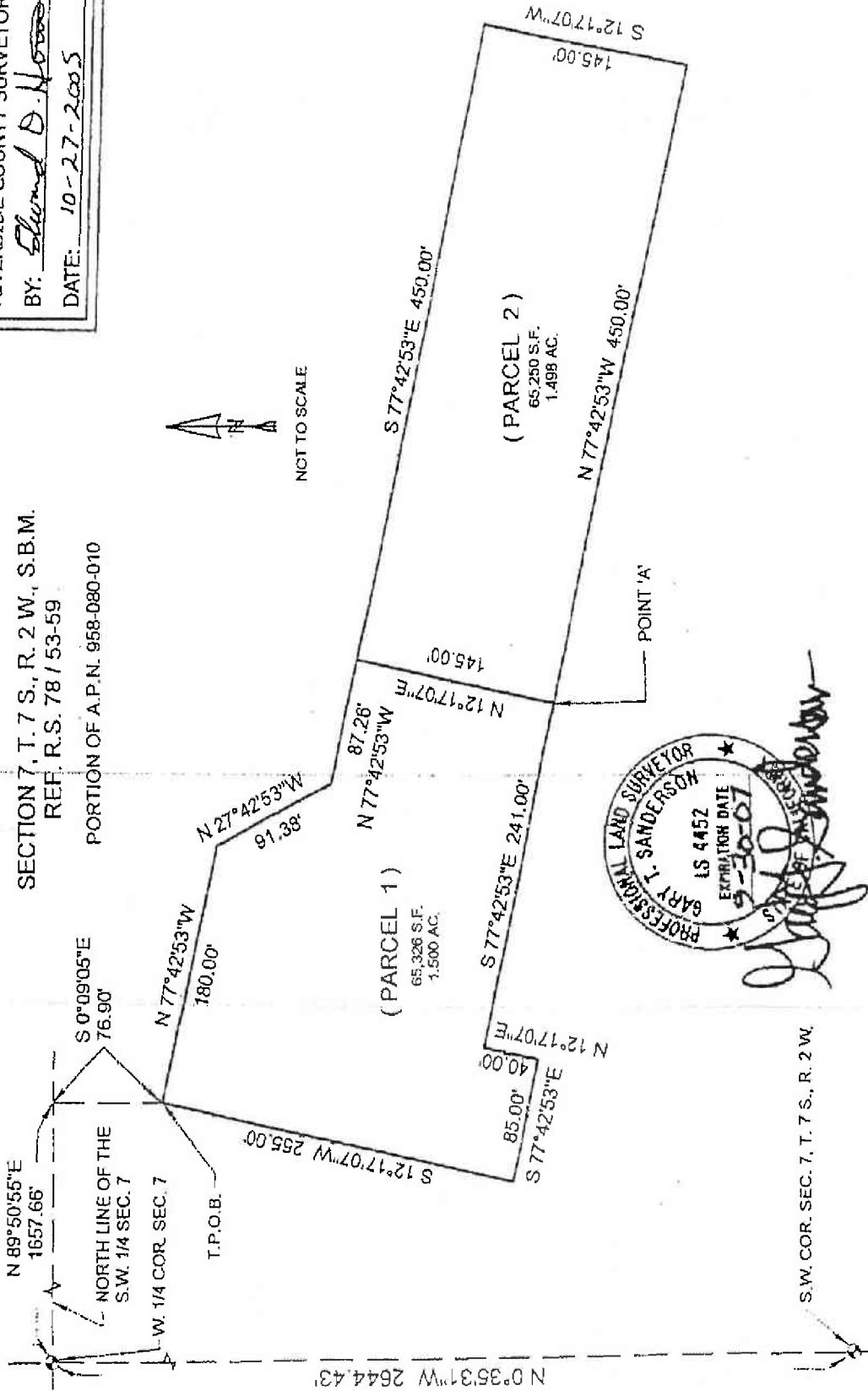
OVATION AIR GROUP - LEASE

SECTION 7, T. 7 S., R. 2 W., S.B.M.

REF. R.S. 78 / 53-59

PORTION OF A.P.N. 958-080-010

THIS DOCUMENT REVIEWED BY
RIVERSIDE COUNTY SURVEYOR,
BY: *Edward D. Hoover*
DATE: 10-27-2005



THIRD AMENDMENT TO LEASE
French Valley Airport

This Third Amendment to Lease ("Amendment:") is entered into by and between the County of Riverside (hereinafter "County"), and Ovation Air Group, Inc., a Delaware corporation, (herein called "Lessee"), with reference to the following:

RECITALS

A. WHEREAS, County and Mach 1 Air Charter, Inc. were parties to that certain lease (hereinafter the "Lease") approved by the Board of Supervisors of the County of Riverside ("Board") on June 4, 2002, wherein Lessee agreed to lease from County, approximately 3.0 acres of property ("Leased Premises") located at the French Valley Airport; and

B. WHEREAS, the Lease was amended by a First Amendment to Lease approved by the Board on October 21, 2003; and

C. WHEREAS, Mach 1 Air Charter changed its name Ovation Air Group, Inc. on or about May 14, 2002; and

D. WHEREAS, the Lease was amended by a Second Amendment to Lease approved by the board on December 13, 2006; and

E. WHEREAS, the County and Lessee now desire to modify the Lease in accordance with the terms and provisions of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree that the Lease shall be modified as follows:

1. Paragraph 5 Rent, page 2, subparagraph (a) shall be modified by adding the following at the end of said paragraph 5(a):

"Beginning July 1, 2005 the monthly base rent shall be \$3,049.20.

2. Subparagraph 5 (d), page 3 of the Lease, shall be deleted in its entirety and replaced with the following subparagraph:

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*5 (d) Base Rent Adjustment - Beginning July 1, 2015 and on July 1 of every fifth (5th) year thereafter, that portion of the monthly Base Rent for the Land shall be adjusted to one-twelfth (1/12) of eight percent (8%) of the then-current aviation fair market value of the Land. Said aviation fair market value shall be for the Land only and shall not include the value of the Improvements or other structures placed on the Leased Premises by Lessee. In no event will application of this paragraph result in a monthly Base Rent amount for the Land which is lower than the highest previous monthly Base Rent for the Land.

The aviation fair market value for the Land will be established by a property appraisal performed by an independent appraiser, knowledgeable and experienced in the valuation of aviation property within the southern California Counties of Riverside, San Bernardino, San Diego and Los Angeles. The appraiser shall be certified by, and be, in good standing with the Appraisal Institute of Chicago IL with a current designation of "MAI" and the appraisal shall be conducted in strict compliance with the Uniform Standards of Professional Appraisal Practice ("USPAP").

No less than two hundred and forty (240) days prior to the rent adjustment date, County will notify by US Mail, potentially affected Lessees of its Intent to issue a Request for Qualifications and Proposal ("RFQP") and submit a copy of the Draft RFQP form it intends to use. It will be the responsibility of the Lessees to establish amongst themselves a process for forming a committee to comment on the Draft RFQP and to select up to two-fifths (2/5) of the appraisers that will be invited to respond to the RFQP. In the event a majority of Lessees participating in the selection process are unable to form a committee, comment on the Draft RFQP, select the designated number of appraisers or give the County written notice thereof within two hundred ten (210) days prior to the rent

S:\EDCOM\AIRPORTS\FRVALLEY\Ovalton - MACH 1 AIR CHARTER\IDAG Lea b.mrd 00303.doc

adjustment date, then County will select all of the appraisers to which the RFQP is sent. No less than one hundred and eight (180) days prior to the rent adjustment date, County will give reasonable consideration to the comments received from the Lessee's Committee and shall issue a Final RFQP to a minimum of five (5) appraisers meeting the foregoing qualifications. Upon receipt of the responses to the RFQP, the County shall offer the responses to the Lessee's Committee for viewing and comment for a period of fourteen (14) days, and after reasonable consideration of the comments made, County shall select the appraiser pursuant to the County's established guidelines. The cost of the appraisal and related processes shall be borne by the County. The cost, if any, of forming and operating the Lessee's Committee shall be borne by the Lessee Committee members.

Once established, the adjusted monthly Base Rent for the Land shall be adjusted annually in the manner set forth in Paragraph 5 (e) below."

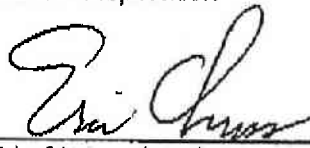
3. Subparagraph 5 (e), page 5, is hereby deleted in its entirety and replaced with the following subparagraph:

"(e) Beginning July 1, 2006 and at each July 1st thereafter, except for dates coinciding with the appraisals conducted every fifth year as referenced in paragraph 5(d) above, the Base Rent shall be adjusted by the percentage change, in the Consumer Price Index, All Urban Consumers, Los Angeles-Riverside-Orange County Area for the twelve month period ending three months before the month of rent adjustment under this paragraph. In no event will application of this paragraph result in a monthly Base Rent amount lower than the highest previous monthly Base Rent amount."

WHEREFOR, the parties hereto have executed this Amendment as of the dates set forth below.

Dated: 3/3/2006

LESSEE:
OVATION AIR GROUP,
a Delaware corporation

By: 
Eric Chriss, Chief Financial Officer

Dated: JUL 25 2006


COUNTY OF RIVERSIDE

By: 
Chairman, Board of Supervisors
BOB BUSTER

(SEAL)

APPROVED AS TO FORM:
Joe S. Rank, County Counsel

ATTEST:
Nancy Romero, Clerk of the Board

By:  7/3/06
Deputy

By: 
Deputy

FOURTH AMENDMENT TO LEASE
French Valley Airport

This Fourth Amendment to Lease ("Amendment:") is entered into by and between the COUNTY OF RIVERSIDE (hereinafter "County"), and FRENCH VALLEY HOLDINGS, LLC, a California limited liability company, (herein called "Lessee"), with reference to the following:

RECITALS

- A. WHEREAS, County and Mach I Air Charter, Inc., were parties to that certain lease (hereinafter the "Lease") approved by the Board of Supervisors of the County of Riverside ("Board") on June 4, 2002, wherein Lessee agreed to lease from County, approximately 3.0 acres of land (the "Leased Premises") located at the French Valley Airport;
- B. WHEREAS, the Lease was amended by a First Amendment to Lease approved by the Board on October 21, 2003;
- C. WHEREAS, Mach I Air Charter changed its name Ovation Air Group, Inc. on or about May 14, 2002;
- D. WHEREAS, the Lease was amended by a Second Amendment to Lease approved by the Board on December 13, 2005;
- E. WHEREAS, the Lease was amended by a Third Amendment to Lease approved by the Board on July 25, 2006;
- F. WHEREAS, Ovation Air Group, Inc., assigned the Lease to Quinn Aire, LLC, on January 23, 2007;
- G. WHEREAS, Quinn Aire, LLC, assigned the Lease to Larry Hansen and Joseph Diorio on January 23, 2007;
- H. WHEREAS, Larry Hansen and Joseph Diorio assigned the Lease to French Valley Holdings, LLC, on August 6, 2007; and

I. WHEREAS, the County and Lessee now desire to modify the Lease in accordance with the terms and provisions of this Amendment;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree that the Lease and the Third Amendment to Lease shall be modified as follows:

1. Section 2 of the Lease, Description, shall be changed to read:

"The premises leased hereby are located within the French Valley Airport, County of Riverside, California, and consist of 1.5-acres of land improved with an aircraft storage building of approximately 15,000 square feet and offices of approximately 3,500 square feet, hereinafter referred to as the Leased Premises.

The Leased Premises is further described as Parcel 1 in the legal description, Exhibit A, and Parcel 1 on the plat map, Exhibit B, attached hereto and by reference made a part hereof."

2. Section 4 of the Lease, Use, shall be changed to read:

"The Leased Premises shall be used for aircraft storage and the operation of a Part 135 air charter business. The rights, restrictions and obligations of airport lessees are described in the Minimum Standards for Fixed Base Operators attached hereto as Exhibit B. These Minimum Standards may be altered from time to time to maintain compliance with FAA regulations and changes to Riverside County ordinances.

The Leased Premises shall not be used for any other purpose without the written consent of County, which consent shall not be unreasonably withheld."

3. The monthly rent specified in Section 5 of the Lease and Section 1 of the Third Amendment to Lease, shall be adjusted to one thousand seven hundred three and 34/100

(\$1,703.34) dollars, to reflect the reduction in the size of the Leased Premises from 3.0-acres to 1.5-acres, commencing on the first day of the month following approval of this Fourth Amendment to Lease by the Board of Supervisors for the County of Riverside.

4. All other provisions of the Lease, not otherwise affected by this Amendment, shall remain the same.

5. Construction of Amendment: The parties hereto negotiated this Amendment at arms length and with the advice of their respective attorneys, and no provisions contained herein shall be construed against County solely because it prepared this ^{Fourth} ~~First~~ Amendment in its executed form.

WHEREFORE, the parties hereto have executed this Amendment as of the dates set forth below.

Dated: 11-17-08

FRENCH VALLEY HOLDINGS, LLC
a California limited liability company

By: Larry Hansen
Larry Hansen, Manager

Dated: DEC 16 2008

COUNTY OF RIVERSIDE

By: Ray Wilson
Chairman, Board of Supervisors

(SEAL)

APPROVED AS TO FORM:
Joe S. Rank, County Counsel

ATTEST:
Nancy Romero, Clerk of the Board

By: Gordon V. Lobo 12/1/08
Deputy

By: C. J. [Signature]
Deputy

EXHIBIT 'A'
OVATION AIR GROUP - LEASE

THAT PORTION OF SECTION 7, TOWNSHIP 7 SOUTH, RANGE 2 WEST, SAN BERNADINO BASE AND MERIDIAN BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

PARCEL 1

COMMENCING AT THE WEST 1/4 CORNER OF SAID SECTION 7:

THENCE: N 89°50' 55" E ALONG THE NORTH LINE OF THE SOUTHWEST 1/4 OF SAID SECTION 7 A DISTANCE OF 1657.66 FEET:

THENCE: S 0°09' 55" E A DISTANCE OF 76.90 FEET TO THE TRUE POINT OF BEGINNING:

THENCE: S 12°17' 07" W A DISTANCE OF 255.00 FEET:

THENCE: S 77°42' 53" E A DISTANCE OF 85.00 FEET:

THENCE: N 12°17' 07" E A DISTANCE OF 40.00 FEET:

THENCE: S 77°42' 53" E A DISTANCE OF 241.00 FEET TO A POINT HEREINAFTER DESCRIBED AS POINT 'A':

THENCE: N 12°17' 07" E A DISTANCE OF 145.00 FEET:

THENCE: N 77°42' 53" W A DISTANCE OF 87.26 FEET:

THENCE: N 27°42' 53" W A DISTANCE OF 91.38 FEET:

THENCE: N 77°42' 53" W A DISTANCE OF 180.00 FEET TO THE TRUE POINT OF BEGINNING.

CONTAINING 65,326 SQ. FT. OR 1.500 ACRES MORE OR LESS.

~~PARCEL 2~~

~~BEGINNING AT THE ABOVE MENTIONED POINT 'A':~~

~~THENCE: N 12°17' 07" E A DISTANCE OF 145.00 FEET:~~

~~THENCE: S 77°42' 53" E A DISTANCE OF 450.00 FEET:~~

~~THENCE: S 12°17' 07" W A DISTANCE OF 145.00 FEET:~~

~~THENCE: N 77°42' 53" W A DISTANCE OF 450.00 FEET TO THE TRUE POINT OF BEGINNING.~~

~~CONTAINING 65,250 SQ. FT. OR 1.498 ACRES MORE OR LESS.~~

SEE EXHIBIT 'B' ATTACHED

PAGE 1 OF 1

THIS DOCUMENT REVIEWED BY
RIVERSIDE COUNTY SURVEYOR.
BY: *Edward D. Hume*
DATE: 10-27-2005



EXHIBIT 'B'

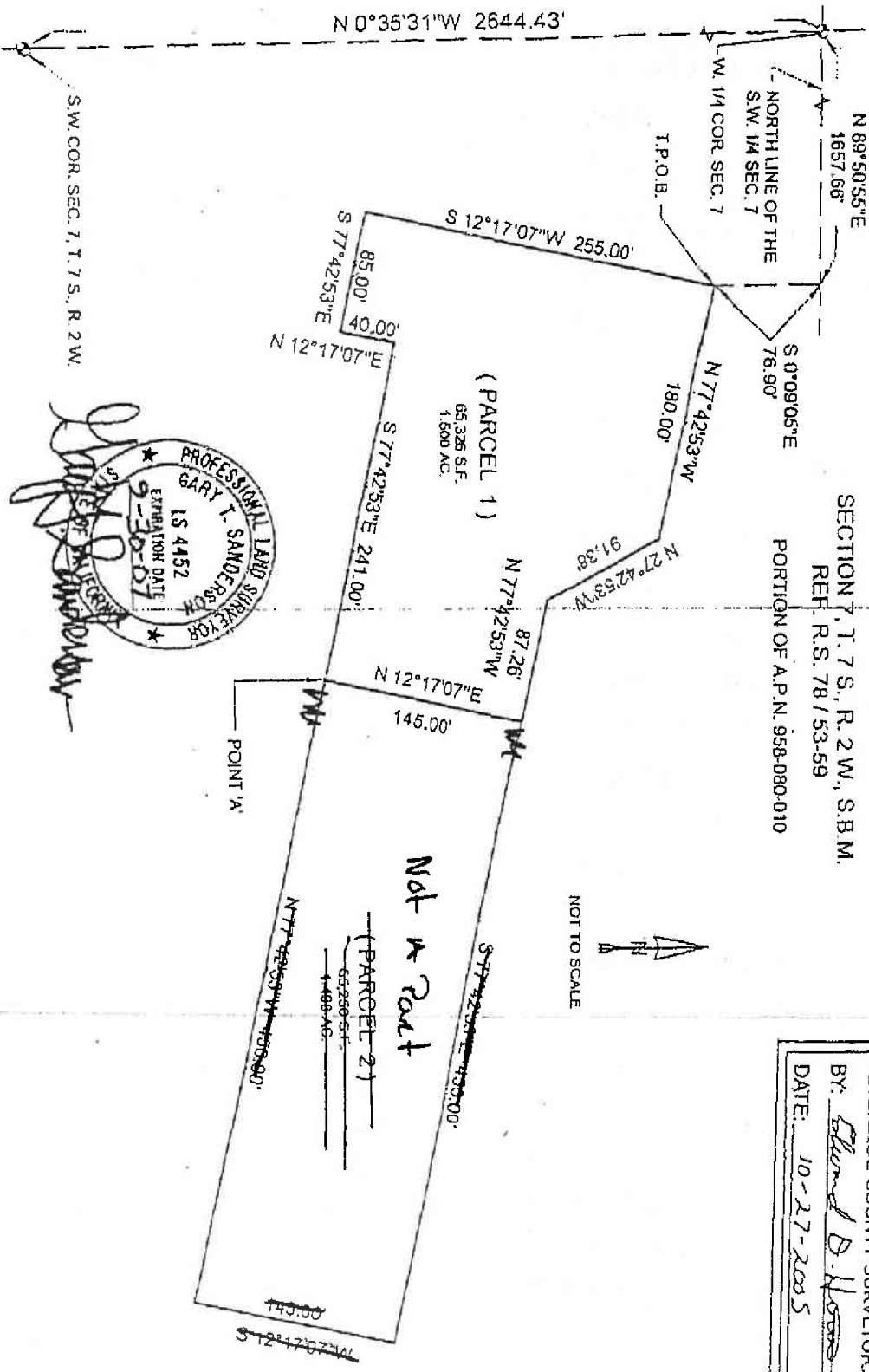
Ovation Air Group - Lease

SECTION 7, T. 7 S., R. 2 W., S. B.M.

REF. R.S. 78 / 53-59

PORTION OF A.P.N. 958-080-010

THIS DOCUMENT REVIEWED BY
RIVERSIDE COUNTY SURVEYOR.
BY: <i>Edward D. Hester</i>
DATE: 10-27-2005



S.W. COR. SEC. 7, T. 7 S., R. 2 W.

PROFESSIONAL LAND SURVEYOR
 GARY T. SANDERSON
 LS 4452
 EXPIRATION DATE
 9-30-07

NOT TO SCALE

Not a Road

(PARCEL 2)
65,299 SF
1,488 AC